

# Customer service as an act of(f) balance: lessons for the tourism and hospitality industry

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## Abstract

This article reports on corporate customers' perceptions of a telecommunications organisation in South Africa and the lessons learned for the tourism industry. The purpose of the research was to explore reasons for the decline in customers' perceptions of overall quality of service at Telematics SA from a systems theory perspective. The Three State Triangle model (Henning, 2009) was presented as the three dynamic states of all living systems, including businesses and industries. The states were identified as Stable equilibrium (Se), Explosive instability (Ei) and Bounded instability (Bi). The model was applied to interpret the findings and offered a way to interpret customer experiences at Telematics SA. Qualitative research was the chosen method of inquiry. A card game was the conversational instrument used to conduct 10 in-depth interviews with Virtual Private Network customers. Purposeful sampling fitted the rationale of the study. Content analysis was done to identify coding categories, while touch-point validity confirmed that the findings were aligned with the systems theoretical concepts. The research methodology can be applied as a qualitative diagnostic tool in different business contexts, while the Three State Triangle model reveals the underlying dynamic processes in organisations.

The research results are applied as lessons to be learned for the continuous improvement of products and services of businesses in the hospitality and tourism industry. Businesses should not get stuck in old strategies and policies but adopt a state of Bounded instability where innovation and renewal is possible.

**Keywords:** balance, customer service, systems theory, bounded instability

## Introduction

Service delivery in South Africa is in a desperate state. Customer satisfaction levels in the country dropped 5.24% across all industries, with the exception of the automotive industry (Orange Index Annual Report, 2012). The survey measures customer satisfaction levels across 18 different South African industries since 2002. The report revealed that service quality in South Africa is at its lowest levels since the survey commenced.

In the telecommunications industry the competitive landscape has evolved from a national monopoly in the early nineties to a battlefield of fierce competition during the last decade. The ability of businesses to adapt to the continuously changing

technological environment has become vital to retain and gain market share.

<sup>1</sup>Telematics SA provides data services to corporate customers. These services include the secure and reliable provision of wireless network connections between company head offices and their business sites, point-of-sales handheld devices, and bank-terminal connections. The organisation measures customer satisfaction quantitatively on an annual basis.

The latest scores revealed that ratings of 'Overall quality of services' at Telematics SA dropped from 72% in 2011 to 63% in

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<sup>1</sup> Fictional name to protect the intellectual property of the company

2012 ( $p < 0.05$ ). In total, eight different touch points were measured, with three touch points primarily contributing to the decline in the perceptions the overall quality of service of the organisation. Perceptions of 'Most recent contact' and 'Products and services' were rated significantly lower than the previous year, while perceptions of 'Communication' also declined.

As Telematics SA wished to implement such interventions, they commissioned a qualitative research project to explore customer experiences in-depth, with the focus on 'Most recent contact', 'Products and services' and 'Communication'. The objective of the research was to explore reasons for the decline in perceptions of quality of service at Telematics SA.

At the end of this article the research results are applied as lessons learned for the hospitality and tourism industry. The White Paper on the development and Promotion of Tourism in South Africa (1996) states that there is a general culture of poor service in the tourism industry and related services. Inconsistencies of service levels and competitiveness of the industry in relation to world-class countries need continuous improvement efforts.

Concepts from systems thinking provided the theoretical framework for the study.

### From Mechanics to Dynamics

*"At any given moment, life is completely senseless. But viewed over a period, it seems to reveal itself as an organism existing in time, having a purpose, trending in a certain direction".*

- Huxley (Haines, 1998)

The old Newtonian scientists had an image of the world which can be compared to a big clock (Wilber, 2000). Knowledge about how the clock worked would enable you to predict what could happen at any point in time. They believed in certainties and not probabilities. The cosmic clock image of Newtonian science crumbled with an

important scientific finding at the turn of the century (Glass & Mackey, 1988). Physicists discovered that the behaviour of the atom and the individual electron could not be predicted. The belief in a predictable cosmos was now on shaky ground, because it lacked a subatomic foundation. Atoms may be stable or unstable and the world became an unpredictable place to live in. Neumann *et al.* (1997) remarked that it became necessary for organisations to become comfortable with contradiction and paradox and to reward employees for *believing six impossible things before breakfast* as the Red Queen said in Alice in Wonderland.

Wiener (in Capra, 1996) recognised the profound similarity between mechanical feedback loops and the dynamics of many biological and psychological processes. The same dynamics that occur in physical and natural sciences are also evident in the way industries; organisations; teams as well as individuals function. There are patterns that connect all natural systems; from macroscopic planetary systems to societies and to the microscopic cells that composes mans' body. Selected patterns will be highlighted and described as qualities of living systems as they pertain to the behaviour of organisations.

Bateson (1979) argued that any entity that possesses the capacity to generate and absorb information for feedback; to self-regulate and self-renew, possesses *mind*. Bateson's definition of a living system as a *mind* offers a way to consider organisational intelligence: why some organisations seem so smart, why others fail to survive for long, and why still others get stuck in repeating the same mistakes (Wheatley, 2006, p. 99). Building on Bateson's argument of *mind*, three systemic *states of mind* were merged into a triangular model to construct the *Three State Triangle*, demonstrating the dynamic stability and instability of open systems. The model was applied to interpret the results of this study.

Within the systems thinking paradigm the concepts open systems, boundary

management; positive and negative feedback loops are fundamental.

### Open systems

From a systems thinking approach organisations are viewed as open systems that display the qualities of living systems, such as the ability to reorganise itself to adapt to the environment such as the changing needs of customers.

Von Bertalanffy (1973) recognised that all natural systems are open because they constantly interact with the environment to survive. The continuous influx of matter and energy ensures that living systems are always relatively open or relatively closed. Biological and social systems exchange information with the environment while mechanical systems may be open or closed. The survival of any system depends on its ability to interact with its environment and the degree to which it is connected to that environment (Bateson, 1979). An organisation is an open system that interacts with its customers, employees and suppliers within a bigger economic, social and political environment.

An open system is also referred to as a complex adaptive system (Stacey in Gould, Stapley & Stein, 2006). It consists of a large number of parts which interact with each other and it is able to adapt to environmental changes. If an organisation seeks to develop the survival skill of adaptability, it needs to be relatively open to new information. The purpose of new information is to keep the system off-balance, alert to how it might need to change (Wheatley, 2006). If market research exposes a consumer trend where the need for a variety of products with minimum installation effort is critical and the organisation does not respond to the market need (new information) the organisation will become irrelevant and will soon be out of business.

Surviving organisations deliberately look for disruptive innovation; i.e. new information that might threaten their stability, knock them off balance and open

them to creativity and growth. In organisations that operate as closed systems, new information is not allowed to circulate freely to open up new opportunities (Wheatley, 2006). Only information that confirms existing strategies, policies, products and leadership is let in, in the effort of the organisation to insulate itself and preserve the stability that it has acquired over time. Such a closed-off organisation is kept at equilibrium and cannot adapt its strategies to a changing competitive landscape (Henning, 2009).

In contrast to closed systems where movement is towards entropy, that is, the death of a system, open systems tend to move towards greater differentiation, detail and complexity (Keeney, 1983). The result is a higher level of organisational sophistication in the system and the ability to adapt to change. The ideal state for any system is to be off-balance, that is, far-from-equilibrium, where it does not get stuck in habitual, passive repetition of the same strategies, policies and management structures.

An organisation with openness to disequilibrium is self-organising, meaning it can create new structures to fit the moment and customer needs. Its stability comes from a deepening centre, a clear identity; from knowing what resources are required and how to survive in its environment (Wheatley, 2006). Open systems have the creative potential of disorder and the emergent change that accompanies it: *The striking emergence of new structures and new forms of behaviour, which is the hallmark of self-organisation, occurs when the system operates in a state far-from-equilibrium* (Capra, 1989, p.85).

The flow of new information into a system depends on the degree of permeability of its boundaries. Understanding of open systems can be enhanced by an awareness of boundary management.

## Boundary management

Systems are separated from their environment by boundaries which are easy to define in physical and biological systems, but more difficult to delineate in social systems such as organisations (Stacey, 2003).

A closed system is characterised by rigid, impenetrable boundaries, whereas an open system has permeable boundaries between itself and the environment (Henning, 2009). Flexible boundaries are penetrable and allow for greater integration and collaboration of the system with its environment, which ensures constant change and growth for the system. Stability (closed boundaries) and instability (open boundaries) are potentially equally destructive to systems. In society today, where instantaneous communication is possible through the worldwide web and other communication technologies, our social boundaries are opening up increasingly (Haines, 1998), the result of which is that consumers are more informed and demanding than a few years ago. Flexible boundaries can be described as paradoxical (Stacey *et al.*, 2000) because they fluctuate between being stable and being unstable. This fluctuation allows the system to adjust efficiently between being open and being closed to certain degrees and at certain times, without becoming stuck in either rigidity or flexibility.

## Perspectives on balance

*“When opposites unite, all energy ceases: there is no more flow. The waterfall has plunged to its full depth in that torrent of nuptial joy and longing; now only a stagnant pool remains, without wave or current”.* (Jung, 1960)

Feedback loops originated from the field of cybernetics, which is the science that studies mechanisms of self-regulation in machines and living organisms (Keeney, 1983). Organisational behaviour is much too complex to be reduced to the laws of mechanics, but it is possible to identify positive and negative feedback loops in its

relationships and interactions with its customers. The unique interplay of positive and negative circular chains of cause-and-effect explains adjustment (adaptability) and maladjustment (inability to adapt) in a system for example the ability of a business to remain competitive.

Positive feedback loops are not always ‘positive’ in the sense of ‘being good’ and negative feedback loops are not always ‘negative’ in the sense of ‘being bad’. Both positive and negative feedback loops can be constructive or destructive (Perold, 2000) as they determine the direction in which a system is moving. This could be towards or away from balance, or a combination of both.

### Positive feedback loops

Positive feedback loops facilitate exponential change in a system by reinforcing deviations instead of compensating for them (Keeney, 1983). A positive feedback loop is established when external fluctuations from the preferred state are amplified. An example of such a self-amplifying feedback loop in the business environment would be the relationship between the performance of a tourist guide and letters of appreciation from clients. Enthusiastic and motivated tourist guide receive letters of appreciation from client which increase their motivation and energy, causing them to provide even better client service. The same positive feedback loop can also have a ‘snowball effect’ in the opposite direction: underperforming tourist guides who render poor client service receive complaints from angry clients, causing them to react with more apathy through a lack of motivation.

### Negative feedback loops

Balance or equilibrium became a prized goal in life, but it is a sure path to the death of any living system – also for an organisation (Wheatley, 2006). In a state of equilibrium, there is no exchange of information from the environment, there is nothing left for a system to do; it is at perfect balance and does not grow, evolve or produce anything new. Constant

exchange of information, such as the comments and suggestions from clients regarding its products and services are necessary for an organisation to renew itself and provide innovative products and services.

Negative feedback loops (also referred to as homeostatic feedback loops) operate to maintain the stability of a system (Keeney, 1983), in other words, to achieve and maintain equilibrium. They correct deviations from the preferred state by instigating some contrary or compensatory action and therefore manifest themselves as oscillating variables. Certain variables in a system must vary to counteract the effects of unpredictable changes in the environment, thereby keeping critical variables within their limits of tolerance. An example of a negative feedback loop in the business environment is the relationship between sales figures and levels of brand awareness amongst its clients. After a long period of no advertising campaigns, brand awareness is low and sales figures are even lower. It becomes critical for the survival of the organisation to have a marketing strategy. Then new TV, print and billboard advertisements are launched, creating greater brand awareness and visibility, after which the sales figures increase again.

The interplay between feedback loops can be integrated to describe three different dynamic processes (Stacey et al., 2000) which illustrate the internal workings of any living or mechanical system.

### **Three states of a system**

The three states of any living system are Stable equilibrium, Explosive instability and Bounded instability (Stacey et al., 2000).

#### **Stable equilibrium (Se)**

Firstly, a state of stable equilibrium is characterised by negative or dampening feedback and resists change (Keeney, 1983). Open systems may attain a state whereby the system remains in a steady

state of equilibrium through continuous negative feedback loops. Constant negative feedback in a system leads to balance, stability and adaptation. Without positive feedback flowing into the system, this uninterrupted state of adaptation may result in resistance to change, with the system displaying habitual behaviour (Keeney, 1983). Stable equilibrium states are characterised by predictable repetition that by definition excludes creativity and innovation. Repetitiveness and mechanisation become the status quo of a system and represents maladjustment, as opposed to variation and innovation, which characterise a healthy system (Fried, 1984). In nature an estuary dies when the flow of the river to and from the sea is blocked. The ecosystem decays and decomposes where the movement of water and rhythmic patterns of flow have ended.

In business, an organisation in a Stable equilibrium (Se) state is characterised by low-level functioning. Such an organisation has boundaries that are closed to commerce with its current and potential customers. Extreme dependence on the environment makes vitally important exchanges with the market one-sided. As a result the organisation stops being and becoming an evolving business, but stands still in its tracks, detached and isolated. Such organisations often exhaust themselves by running through the same old marketing strategies, products and services again and again, getting nowhere. Innovation is very difficult for an organisation in a state of stable equilibrium. Doing new things requires altering stable relationships between people, work patterns, attitudes, perceptions and cultures (Stacey et al., 2000).

#### **Explosive instability (Ei)**

Secondly, a state of Explosive instability acts in the opposite way and is driven by positive feedback loops. The behaviour of a system driven by amplifying feedback will always move into a self-reinforcing vicious or virtuous cycle. In this state the system is operating with no control and

with total freedom. A tiny increase/change in a system can have an enormous effect on the system as a whole. In short, positive feedback escalates small changes. Unless it is limited in some way by negative feedback loops, it will become explosive and end up in a 'runaway' state. An example of explosive instability is a tsunami on its way to a coastal area. Underwater disturbances such as landslides generate a series of waves, rapidly rising to become a runaway "wave train". An organisation in a state of constant positive feedback lacks a clear vision, has a culture of no discipline, is fragmented in its internal communications and lacks an integrated marketing strategy. Such an organisation exhausts itself by implementing too many different interventions too often, without making any valuable impact on the business. Postmodern theories of complexity such as chaos theory refers to such a runaway state as the 'the butterfly effect', because of the assertion that a butterfly stirring the air today in Beijing can cause a storm in New York next month (Haines, 1989).

#### Bounded instability (Bi)

Thirdly, the ideal state of Bounded instability includes both equilibrium and instability, which implies that the system is unstable within limits, in other words, it is 'bounded'. Bounded instability is created by the tension generated within a system

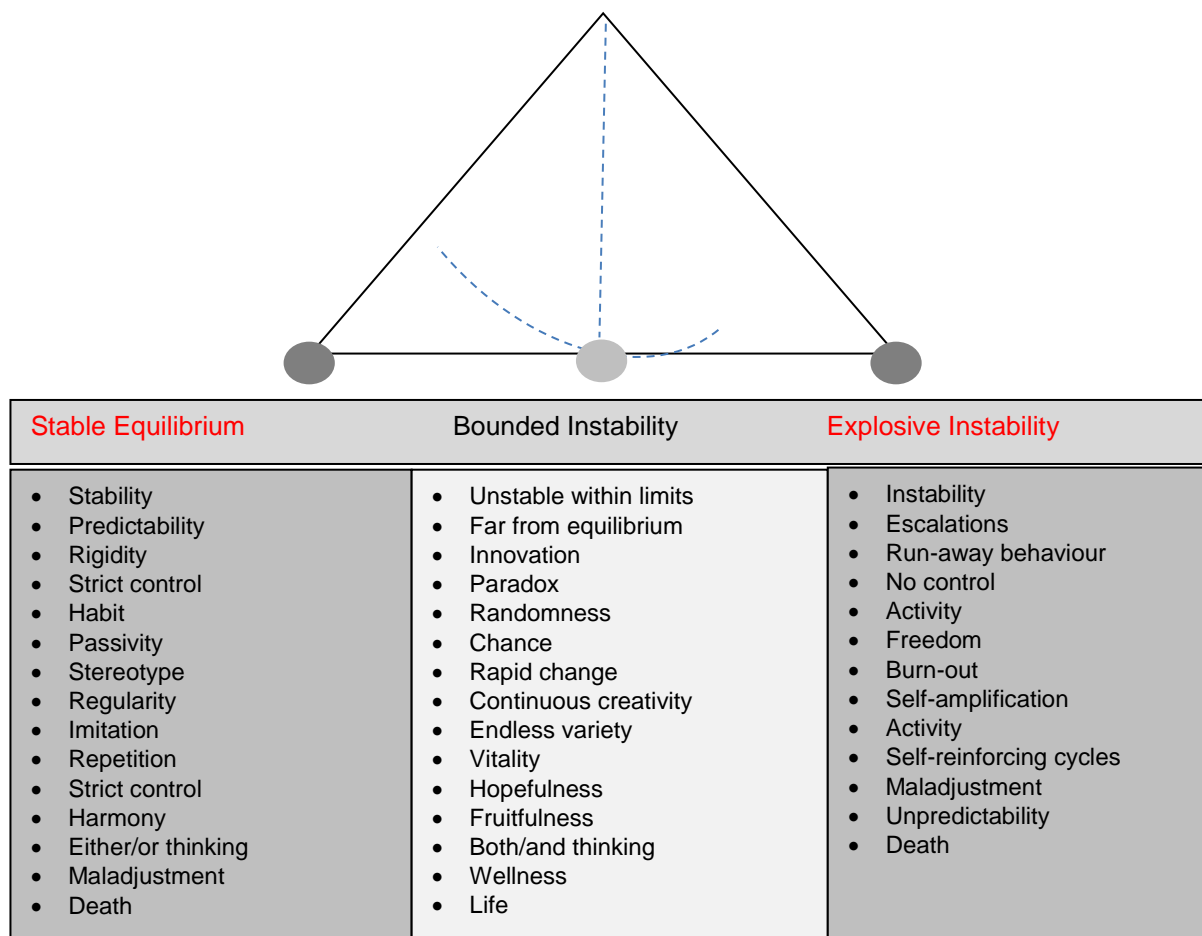
while being pulled by two contradictory forces, namely stability and instability.

Stacey et al. (2000, p.11) remarked that *open systems operate in a state far from equilibrium where a system generates behaviour that is unstable, but because it is unstable within limits that behaviour is called bounded instability.*

An organisation needs constant oscillation between stability and instability to remain competitive. As it operates far from equilibrium, there is always a variety of options and therefore its behaviour can be changed rapidly. According to Stacey et al. (2000) 'bounded instability' is the keyword to strategic success in organisations. An organisation in a state of Bounded instability can be described as a system always at work, never settling in a state of balance or equilibrium – one which is always relatively off balance. Heisenberg's 'uncertainty principal' relates to bounded instability, as it implies that there are some things, no matter how accurate our apparatus or calibration, we can never know for certain because of the *far-from-equilibrium state* of constant movement (Neumann et al., 1997). Any living system can at any point in time operate in any of the three states. To be stuck in either one of the extreme states, that is Stable equilibrium or Explosive instability, is detrimental to the system and implies the death of the system. Figure 1 is a visual representation of these three states.

**Continues on page 6**

**Figure 1: The Three State Triangle (Source: Henning, 2009)**



### Research methodology

*“Not everything that counts can be counted and not everything that can be counted counts”.*  
 - Albert Einstein

The primary objective of the research was to explore possible reasons for the decline in perceptions of the quality of services at Telematics SA. Furthermore, the organisation planned strategic interventions to change and improve business and management practices. The choice of research methodology was important to ensure an alignment with these aims.

### A qualitative research approach

A qualitative research approach was the chosen method of inquiry. Non-mathematical descriptions were collected

to provide in-depth information regarding customer perceptions of service quality and add insight to the existing knowledge base consisting of percentages and correlation scores.

### Data collection

In total, 10 face-to-face semi-structured interviews with virtual private network customers were conducted in their own offices. Purposeful sampling fitted the rationale of the study, as the selected customers were information-rich cases and interacted often with Telematics SA.

Qualitative interviewing begins with the assumption that the perspective of others is meaningful, knowable and able to be made explicit (Fisher, 2006). Interview validity comes to rest on the ‘quality of craftsmanship’ in research and therefore the quality of the information obtained

during an interview is largely dependent on the skill of the interviewer. For this study an experienced interviewer conducted in-depth interviews and used a discussion guide to structure the 1hour 30 minutes interviews with each of the 10 respondents.

### **'Laying your cards on the table'**

A conversational exercise namely *Laying your cards on the table* was used to elicit discussions with the respondents. The eight touch points in the original quantitative measurement were transferred onto eight cards. Respondents were asked to spontaneously pick any one or more cards from the pack that they would like to comment on when thinking of their interactions with Telematics SA. Current and ideal experiences as well as suggestions for improvement formed part of the qualitative inquiry to generate insights.

The interviews were recorded and transcribed for the purpose of analysis.

### **Data analysis**

Content analysis was the chosen method of data analysis. The raw data was explored to identify themes, and these were categorised into meaningful units of data, because, as Patton (1990, p. 403) explained: *These regularities represent patterns that can be sorted into categories.*

Fisher (2006) referred to 'touch point validity' of qualitative research findings. Touch point validity confirms that the findings connect with theory and with other studies in a productive way.

The findings of the study can be aligned with concepts of systems theory, as described in section 2.

### **Findings**

All ten respondents spontaneously chose the card 'Products and services' as the first priority to be discussed and the 'Communication' card as their second priority. This is an interesting finding, as it confirms in a qualitative way the results of

the quantitative measurement, where 'Products and services' and 'Communication' both had the strongest statistical correlation with 'Overall quality of service'. In addition, both touch-points declined significantly from the previous year.

Four main themes emerged from the data and will be presented next.

### **Limited brand image**

The majority of the respondents reported a stable one-on-one relationship with someone within the company. However, the organisation has no public visibility. From the results it is clear that Telematics SA doesn't have a brand image amongst its existing customers. It can therefore be expected that potential customers out in the market will have an even lower awareness of the brand. Brand image refers to the personality of an organisation (Ogilvy, 1983) and can make or break an organisation in the market place. The personality of an organisation is made up of many things, including its name, products and services, pricing structures and the style of its advertising.

During a personification exercise respondents were asked to describe Telematics SA as a person, ascribing personal qualities to the organisation. The majority of the respondents described the organisation as an old male with a limited personality. He knows his job, is experienced and reasonably sensible, but he is not inventive, not too extravagant, nor outgoing:

*"He is a more mature person; he knows what he has done and knows what he needs to do."*

*"... he is not a leading-edge type of guy."*

It is someone who will assist customers no matter how big the problem is, but who is not known for his risk-taking behaviour:

*"He is risk-averse."*

*"He is not an early adopter and makes use of tried and tested technology."*



This personification reveals that Telematics SA does not have a strong brand personality. As a data-solutions provider in a new market with growing competition, a strong brand image is essential and it will give the organisation a competitive edge. Currently, Telematics SA will not break through the telecommunication clutter in the market, as it doesn't occupy any strategic position:

*"He is like the Deputy President; he doesn't know where he fits in."*

Telematics SA is a market leader in the provision of data services in South Africa. Despite this, the majority of the respondents mentioned that they are not aware of any advertising campaigns, and this contributes to the weak brand positioning:

*"We have never seen them on any communication channel."*

*"He does not let you know whether he is techno-savvy or not."*

*"They do not communicate about their products e.g. VPN Lite type of products..."*

*"They must start communicating their capabilities and products to all."*

When a product is marketed, mostly through web-based communication or through a service manager, the organisation is often perceived as advertising promises that they cannot deliver:

*"...they oversell sometimes, promise more than what can be achieved."*

*"...they are chasing cars and praying they won't catch them."*

From a systems perspective, parts of a system are interdependent, and influence one another reciprocally. A strong brand image may not only heighten awareness and loyalty levels amongst customers, but also amongst its own employees. Corporate advertising can improve the morale of employees; as Ogilvy (1983, p. 117) remarked: "Who wants to work for an

outfit that nobody has ever heard of?" Customers were aware of the high turnover of staff members at Telematics SA:

*"They have a high staff turnover; people are moving in and out..."*

The brand is perceived to be relationship-led through service managers and business consultants rather than brand-led through a strong brand image, and this creates a risk as it leaves a service vacuum in the mind of the customers.

Telematics SA needs a well-defined brand image if it wants to remain competitive in the fast-growing telecommunications market. While its reputation is mostly positive amongst its customers, perceptions are that it is not a well-recognised brand. A stronger brand identity will prevent it from becoming faceless in the mind of current and potential customers, and will contribute to overall perceptions of quality.

#### **Limited direct customer interaction**

This theme relates to the touch point in the quantitative study named 'Most recent contact', where key drivers such as 'Getting feedback on enquiries made', 'Setting a firm time scale for the job to be completed' and 'Courtesy' are important. All ten respondents indicated the need to have some form of one-on-one interaction on a regular basis. There were mentions of the CEO that communicated promptly and directly with customers during the last year. This had a positive impact, as it made customers feel important and valued:

*"The CEO speaks in an understandable way. He has drastically improved communication and responds quickly to emails."*

However, this is not enough to build strong relationships and positive perceptions of communication:

*"...their communication is not that good, we only hear from them when the contract is to be renewed, i.e. every two years. Once*

*everything is signed, they forget about you. I would like to hear from them at least every 6 months, telling us what they have to offer."*

Regarding instances of direct customer interaction, all the respondents indicated positive interactions with service managers and any other staff members:

*"We had good experiences, they share knowledge and the service manager understands our business. She always returns my calls and sorts things out brilliantly."*

*"Telematics SA is just a back-up facility, but the people there are very helpful."*

*"The service manager always responds, understands our business and gets things sorted out."*

*"The staff of the support centre is sufficiently skilled and professional."*

A solid and stable relationship with someone in the organisation is a growing need amongst the majority of the respondents. Communication via e-mail and text messages are the preferred methods, unless customers experience technical problems which have to be sorted out immediately. A few customers indicated the need for social and marketing events:

*"I would like to have some marketing events such as golf days."*

Opportunities to interact with customers are perceived to be scarce, contributing to less positive perceptions of communication.

### **Limited range of product and services**

From a marketing perspective, 'quality' means a product's ability to satisfy a customer's needs or requirements (Perreault et al, 1996, p. 276). If product features are not what the customer requires, then quality and satisfaction will be negatively affected. The majority of the respondents indicated the need for greater variety. Although the available products

and services are satisfactory in terms of their effectiveness, the majority of the customers expressed a growing need for a greater variety of options, as well as more innovative, advanced and state-of-the-art products and services:

*"We need variety, the more options the better for us."*

*"...their devices need innovation, they can do much better."*

*"Telematics SA is a little bit behind. Many companies don't work on 3G anymore – they've moved to direct wireless connections which just work better – better speed and more stability."*

*"Be more innovative, Telematics SA is a follower, not a leader."*

*"They are definitely a little behind; many companies don't work on 3G anymore."*

Despite perceptions of limited product offerings, all respondents gave positive responses regarding the reliability and availability of products and services:

*"...they provide a quick connection between our stores, reliable services – it is rarely down and easy to install..."*

*"We wouldn't be able to operate without them; they handle all the business at hand."*

However, customer satisfaction is dependent on the total product offering, including product range or variety.

### **Perceptions of the competitive landscape**

The majority of the respondents viewed the competitors in this market as flexible, vibrant, dynamic and willing to go the extra mile. Competitors are personified as youngsters, either male or female, known for taking risks and not as old-fashioned as Telematics SA. This person's hobby is wireless technology and he or she is perceived to have a natural flair and understanding of new technology:

*“He is not as old as Telematics SA; more outgoing and more current...”*

*“He is a little reckless and hungry for business.”*

While competitors were perceived as young, some were perceived as making noises without delivering on expectations yet:

*“He makes a lot of noise in the market, a bit like Julius Malema.”*

*“Someone who talks a lot in public, but cries when he is on his own.”*

Competitors in this market focus on building relationships and driving business partnerships that are very personal. Combined with mostly strong brand identities, they seem to be a growing threat to Telematics SA, who does not have a positive reputation regarding communication:

*“He [the competitor] is a business friend that is at the forefront of technological innovation and is building an empire.”*

*“Compared to competitors, Telematics SA’s communication about new products is not good.”*

The competitive landscape is growing fast and these new businesses are taking up strategic positions to gain market share.

## Conclusions

As discussed, all living systems exist in a certain time frame and tend to move in a certain direction which produces long-term results. The dynamic processes as described in the ‘Tree-state Triangle’ materialised as recognisable behaviours of Telematics SA. The *mind* of the organisation can be described as operating in a state of Stable equilibrium, as it seems stuck in organisational patterns that are too rigid and stable, perpetuating old strategies, structures and policies.

Inflexible boundaries prevent the sharing of information with the market, as is clear in the absence of a brand identity. This can become a risk for the survival of the organisation, which is in need of an image makeover. The scarcity of advertising and marketing campaigns at Telematics SA leaves the brand image of the organisation mostly entrusted to key touch points such as products and services, direct interaction with a service manager or business consultant, and word-of-mouth. In the long term, this will not put a halo around the reputation of Telematics SA, no matter how available and reliable the products are or how courteous and responsive the business consultants are. Perceptions of products and services and brand image are interdependent. With no proper communication channels, information exchange is blocked and the organisation as a system is closed off. Closed systems wind down and decay. The source of life is new information – novelty – ordered into new structures (Wheatley, 2006, p. 96).

Although it is known for stability and reliability, the organisation is also known for its aversion to risk and lack of innovation. Telematics SA needs to look for opportunities to differentiate and introduce variety to remain competitive:

*“All have the same products and services. It’s innovation, flexibility and appetite for business that is going to make the difference.”*

Stable equilibrium is associated with a lack of vibrancy and energy, explaining the need for innovation and new ideas amongst customers. The organisation reached a level of equilibrium which does not foster renewal and innovation. It needs to become a little off-balance – *far-from-equilibrium*, in a state of *Bounded instability* – to adjust to the changing market needs.

## Lessons for the hospitality and tourism industry

Living systems survive because they have the ability to learn, adapt and change. This skill has a business counterpart that

can be described as a three-step cycle of *discovery*, *choice* and *action*. In general, businesses should apply this cycle, where *discovery* relates to conducting market research to explore customer experiences and needs, *choice* relates to vision and mission, and *action* relates to the implementation of plans or trial-and-error experiments (Stacey, 2006). The regular repetition of this cycle in the business as an open system makes continuous innovation and creativity possible.

Step 1 or *discovery* is the inquiry into client experiences and needs. Step 2 pertains to *choice* and will be the next phase, involving the planning of new strategies to align the clients' needs to the vision and mission of the organisation.

Systems thinking assume that all systems have a goal and therefore any business functioning as a whole also has a goal. Based on the findings in this article, a revisit of the business purpose of organisations in the hospitality and tourism industry is recommended, to free it from its state of 'Stable equilibrium' and direct it towards 'Bounded instability', as described in the *Three-state Triangle*. It is critical to renew and revitalise the strategic objectives of the business to enable it to cope with current customer needs and remain an important player in the tourism and hospitality market.

Step 2, which is *choice*, holds 3 lessons:

- The identification of an integrated communication strategy

This will allow for greater 'information exchange' across boundaries between the business and the market. In an open system where the dynamics of Bounded instability allows for both negative and positive feedback loops, the generation of new ideas abounds.

- The introduction of a variety of products and services

Customised solutions will require innovative thinking to provide a greater variety and more advanced products and

services. In a state of Bounded instability there is always movement and therefore always innovation, creativity and growth.

- The improvement of client interaction

Excellent communication with clients and more regular contact will build loyalty and trust by making clients feel valued. The sharing of general information regarding the business, for example a quarterly newsletter can be considered.

Step 3 or *action* is the implementation of the above-mentioned recommendations in a trial-and-error fashion and is beyond the scope of this article.

## Conclusion

The results of this study offered valuable insights to the hospitality and tourism industry. Similar to the telecommunication industry, the *mind* of the industry should be in a state of Bounded instability to ensure continuous improvement.

If a business adopts a mindset of Bounded instability, of staying off-balance and far from equilibrium, it has the potential to gain greater market share and remain competitive. It seems that it is not so much about what businesses do wrong, but about what they do not do that contributes to the perceptions of poor client service. As Wheatley (2006, p.99) remarked:

*We can begin to see that organisational intelligence is not something that resides in a few experts, specialists, or leaders. Instead, it is a system-wide capacity directly related to how open the organisation is to new and disconfirming information, and how effectively that information can be interpreted by anyone in the organisation.*

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