

# **Organisational Changes for Adopting Virtual Reality in the Sri Lankan Hospitality Industry**

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## **INTRODUCTION**

Every business organization in the 21<sup>st</sup> century has to increase its investment in digital transformation since digitalization is drastically changing the world of business. Otherwise, they will not be able to survive much longer in this digitalization era. This digital transformation process can be defined as the “Ability of an organization to change its approach to technology, people, and processes to impact business performance and deliver value to consumers” (Hotel Tech Report, 2021). The worldwide digital transformation market has been estimated to grow by 20% annually to USD 2 trillion by 2022, from the current size of USD 1.2 trillion, driven by the prospect of significant benefits in customer experience, time-to-market, product quality and operational reliability (Saldanha, 2019).

Emerging contemporary digital technologies such as artificial intelligence, cloud computing, virtual reality, and robotics have become focal technologies for organizations and are of utmost importance to the companies’ success (Jöhnk, 2020). These various new technologies can be especially integrated to improve the service and customer experience in the hospitality and tourism industry (Samala et al., 2020). However, a considerable number of business organizations are failing to implement these transformation initiatives successfully. One of the significant primary reasons is the rigidity of business organizations to make changes (Gupta, 2018). To adopt new technologies considerable amount of organizational changes are needed since the adoption will affect the processes and protocols in the organizations (Maali et al., 2020). Therefore, business organizations should be competent at change management; otherwise, the full benefits of becoming digitalized may never be realized when a company fails to achieve successful change adoption (Maali et al., 2020).

The tourism and hospitality industry is based on the cooperation between a wide range of services and products. Therefore the benefits of the digital revolution in the sector are pretty obvious (Martin, 2018). Furthermore, Buhalis & Law (2008) stated that this digitalization driven business processes re-engineering is observed in the hospitality industry gradually generates a new paradigm shift. Particularly, studies about required organizational changes to adopt new digital technology in the

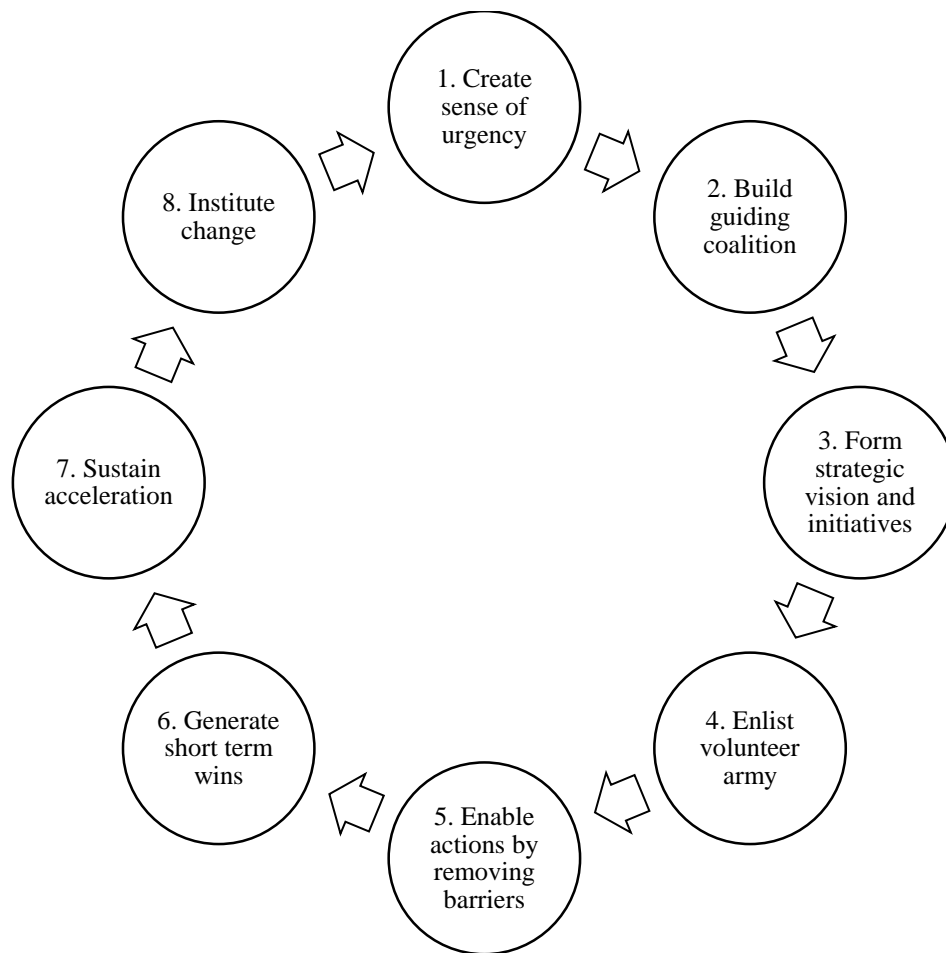
hospitality industry and the impact of leadership and management on the digitalization adaptation process are still in their infancy (Pesonen, 2020; Buhalis & Law, 2008). Therefore, this research intends to provide a comprehensive review of the key organizational changes in the hospitality industry to adopt the new digitalized technology of VR. Therefore, the aim of this research study is to determine the required changes that the organizations need to adopt VR technology more effectively which is one of the most important trends under the digital transformation relevant to the hospitality industry, from the perspective of tourism and hospitality professionals.

## **THEORETICAL PERSPECTIVE**

For any business organization, change is essential for its growth within today's highly competitive business environment. The ways of effectively improving organizational strategies, processes, and structures have been explained by the theories of change (Andrews et al., 2008). Many scholars have introduced various organizational change theories, For example, Armenakis and Harris presented a model for managing organizational readiness for change, John Kotter presented eight steps to produce a successful change of any magnitude in organizations, Cummings and Worley presented a model to obtain effective change management and Kurt Lewin introduced Lewin's model which has three stages including unfreezing, movement, and refreezing for organizational changes (Sætren & Laumann, 2017; Hussain et al., 2016). Business organizations have to practice at least one of those organizational change theories because changes are being made to traditional organizations to maximize time to market, production quality, cost reduction, and competitive advantage (Margaret, 2014). Even though there are various theories regarding organizational change, most of those are strategic in nature such as downsizing, re-engineering, restructuring, mergers and acquisitions, but all have a major impact on the workforce of an organization, their behaviour and interaction with each other and the organization itself (Dhurkari, 2017).

Business organizations should adopt appropriate digital transformation as a core strategy to compete and survive in the modern business world. Successful digital transformation requires proper change management which consists of excellent leadership, a supportive culture and new business processes (Heavin & Power, 2018). Considering change management, Kotter's eight-stage process is one of the most widely recognized and accepted models that can lead changes in business organizations (Pollack & Pollack, 2015). It is depicted in figure 1.

Figure 1: Kotter's 8-step process for leading change



**Source: Adapted from Kotter, J.P. (2014)**

As Kotter (2014) explained, in the first stage (create a sense of urgency) of the eight-step process firstly, business organizations should be aware of the need for the organization to change. In such a case, before adapting to the digital transformation technologies such as Internet of Things (IoT), VR, Artificial Intelligence (AI) applications, and analytics, business organizations should establish a sense of urgency to gain the needed cooperation (Heavin & Power, 2018; Pollack & Pollack, 2015). In the second stage, business organizations need to form an influential group of people who have enough power to coordinate, communicate and lead the change (Kotter, 2017). Margaret (2014) has emphasized the importance of e-leadership in virtual project teams, and it has become essential, and essential to the success of the organization's virtual projects. This is because a leader's transparency, skills, and ability to enhance the trust of employees' involvement in the organizational change process will enhance the employee acceptance for the change process (Hussain et al., 2016). Kotter (2017) defined strategic initiatives as "targeted and coordinated activities that, if designed and executed fast enough and well enough, will make your vision a reality". In the third step, business organizations

need to articulate strategy strategies that address issues that may occur in introducing the digital transformation process (Margaret, 2014). Under the fourth step, organizations should communicate the vision for change because it will encourage significant numbers of employees to amass under a lyshared opportunity and drive in the same direction (Kotter, 2017). As per the fifth stage, business organizations should remove barriers such as inefficient processes and hierarchies and leaders to provide the freedom necessary for employees to work across boundaries and create real impact (Kotter, 2017). Structural changes are often needed to provide an adequate basis for the new operations (Matt et al., 2015).In the sixth step, business organizations should generate short-term wins, and those must be collected, categorized, and communicated. At the seventh step, leaders or managers must adapt quickly to maintain their speed. Finally, business organizations should ensure new behaviours are repeated over the long term (Kotter, 2017; Pollack & Pollack, 2015). Steps 5 through 7 comprise the real change and the move, and step 8 freezes the organization again to make sure the change stays in the organization (Sætren & Laumann, 2017).

The proliferation of the Internet and other technological innovations in digital transformation process has transformed the structure of the tourism & hospitality industry as well as affected how tourism destinations are perceived and consumed (Huang et al., 2015). Therefore, the change of management is an essential occurrence in the corporate agenda to be considered for this industry. The hospitality industry has become a significant economic activity as expectations concerning people's leisure time have evolved by attributing more significant meaning to people's free time (Williams, 2006). Currently, the concept of hospitality has become more business-oriented due to the transformation of traditional hospitality-concept into modern hospitality management (Bottorff, 2013). Also, the accelerating and synergistic interaction between digital technologies and hospitality in recent times has brought fundamental changes to the industry (Buhalis & Law, 2008). Nevertheless, the hospitality industry is lagging behind other industries in terms of digitalization, hence an acute need to make organizational changes for adapt to digitalization is evident. (Mairinger & Pinho, 2018). To do this, the hotel and tourism industry marketers need to be more and more concerned with Generation Y (Gen Y) or the Millennial Generation, who are identified in cohort form from 1980 to 2000. They are considered as digital natives because they are fluent in the acquisition and use of technological tools and quickly in their intuitive understanding of learning new technology. The Gen Y grew up in an age where technology is predominant and tends to be technologically more knowledgeable than others. Due to the diversity in promotional communications, they are interested in using different methods to gather travel information for travel planning. As a result, Gen Y is likely to take advantage of new and creative promotional technology, including VR technology, when planning travel (Giberson, 2017). Also, Beck et al. (2019) reviewed that, due to technological advancement, today's physical space and virtual space interwoven, and it has created a phenomenon called "Phygital". As the world becomes more and more digital-oriented, touch points from the physical and the virtual world along the whole

customer journey has to be interconnected. Emerging technologies such as AR and VR have been changing how travelers get inspired, book, plan, and experience travel, transforming the physical customer journey into a 'phygital' one. While interaction with hospitality and tourism only occupied a physical dimension, virtual information previously and now enriches all the customer journey stages.

The most significant and contemporary technological trend in the 21<sup>st</sup> century is digitalization because it has changed both the society and business (Reis et al., 2020). It is important to understand the difference between digitalization and digital transformation. Although there are many definitions of digitalization, in general terms digitalization can be defined as converting interactions, communications, business functions, and business models into (more) digital ones to facilitate new forms of value creation (Hagberg et al., 2016 ; Parviainen et al., 2017). Digital transformation can be defined as "Changes in ways of working, roles, and business offering caused by adoption of digital technologies in an organization, or in the operation environment of the organization" (Parviainen et al., 2017). Digital transformation affects the whole business organization and the ways of working. This goes beyond digitalization because it changes the simple organizational processes and tasks. Furthermore, it rearranges the processes to change the business logic of a firm or its value creation process (Verhoef et al., 2021).

The potential benefits of digitalization are high and a few of them are increased productivity, sustainable growth, social and economic inclusion, smart decision making, improved governance, and responsive service delivery (Hanna, 2016). Digital transformation did not succeed because companies did not change mindsets and processes or build a culture that could foster the change. Also, lack of an overall digitalization strategy and competing priorities were the most typical obstacles for digitalization, together with security concerns and insufficient technical skills. (Parviainen et al., 2017).

According to research findings of Gupta (2018), the following organizational barriers were identified in adopting digital transformation -unclear company vision and goal of the transformation; top management, leaders and their leadership style; project group, organizational setup and agility; change and middle managers lacking expertise; lack of rewards and incentives; unclear measurement systems, lack of HR involvement and the absence of a strong learning culture. Therefore, it is crucial to identify required organizational changes for adopting digital transformation. Mirvis et al. (1991) stated that, the success of adoption of any new technology is based on the organization's participatory change strategy, good user training, and confidence-building initiatives. Accordingly, there are four factors that require careful consideration during the introduction of a new technology into the current work practices of an organization: technology strategy and plan, method of introduction, user attitudes and experiences and organization culture.

Particularly, many digital developments are not made directly for the sake of tourism and hospitality industry, so that the hoteliers and professionals may not be fully aware of the developments and as a result they are unprepared to adopt the new technologies (Guttentag, 2010). The use of technologies such as the IoT, AI, machine learning, VR, AR and block chain generate more attractive tourism and hospitality offers, which comes under the digital transformations (DIGITAL Cities Challenge, 2019). Guttentag (2010) stated that one important trends of digitalization is VR technology, which is used commonly in multiple areas including entertainment, design, and simulation training. VR's applications for the tourism and hospitality industry are numerous and its implications for the sector are significant, so that hoteliers should have a proper understanding about required organizational changes to adopt VR to best prepare themselves to face the challenges and take advantage of the opportunities that VR presents.

There are several approaches to define VR (Pregesbauer, 2016). According to Guttentag (2010), VR technology can be defined as using a computer-generated 3D environment called a 'virtual environment,' that users can navigate and possibly interact with, resulting in real-time simulation of one or more of the user's five senses. VR technology can offer more compelling experiences such as the feeling of "being there," and it allows consumers to "try before they buy" (Willems et al., 2019). Due to the recent advancements in VR hardware and software, VR can share 360-degree live-content (Neuburger, Beck, & Egger, 2018). Further, VR technology has unique abilities to create holistic experiences, simulations of real situations and allows the user to navigate through a virtual environment (Wei, 2019). Organizations in the hospitality industry may need to build up dynamic capabilities that enable them to leverage this new digital technology and cope with changing consumer behaviors and competitors in the future (Fellenstein & Umaganthan, 2019). The impacts of new digital technologies on business industries are massive, but still impacts of new technologies on business model components remain largely unexplored, especially concerning VR (Mütterlein & Hess, 2017).

## **METHODOLOGY**

This study is conducted using the qualitative method by adopting the constructivist paradigm. Therefore, in this study the researchers have used a subjective viewpoint. The reason for selecting the subjective viewpoint is that the research interpretations depend on the respondents' knowledge, experience, understanding, and assumptions. Further, researchers have used a phenomenological approach in this study to capture the essence of experiences of the top managers of hotels in Sri Lanka and professionals who have knowledge and expertise in VR. According to Creswell and Poth (2016), a phenomenological study describes the common meaning for several individuals of their lived experiences of a concept or a phenomenon. Accordingly, researchers have used the phenomenology

approach since it focuses on experiences, events and occurrences of using VR in the hospitality industry. For phenomenological studies, Creswell (1998) recommends 5 – 25 and Morse (1994) suggests at least six (as cited by Mason, 2010). In line with these recommendations by previous scholars, this study has collected data from 08 respondents. The data collection was mainly undertaken through in-depth semi-structured interviews and all these interviews were recorded in order to facilitate the transcribing process. Also, the judgmental sampling method was used to select the respondents as suggested by Neuman (2014) and the details of respondents are presented in table 1.

*Table 01: Profile of respondents*

<b>Name</b>	<b>Position</b>	<b>Organization</b>
A1	Senior Lecturer in Marketing Management	University of Sri Jayewardenepura
A2	Assistant Director	Sri Lanka tourism promotion bureau
A3	Senior Marketing Manager	Siddhalepa Ayurveda hotels
A4	PR and Marketing Executive	The Grand Kandyan Hotel
A5	Operations Manager	Wattura Resort and Spa
A6	Senior Lecturer in Tourism	Sabaragamuwa University
A7	Business Development Manager	Experiential Journeys (Pvt) Ltd
A8	Director	York Hotel Management Services Ltd

The data analysis was undertaken with the generic strategy including the three stages namely coding, sorting, and synthesizing. In the stage of coding significant information were identified in interview transcripts. Thereafter, under the sorting stage codes were categorized based on the relationships and underlying meanings of identified codes. Then, in the last stage of the analysis researchers were able to develop themes based on the categories.

## **FINDINGS OF THE STUDY**

### **Required Organizational Changes**

As per the analysis, researchers have developed three themes related to the required organizational changes to adopt VR in tourism and hospitality industry.

### **Theme 1: Strategic Transformational Change**

According to the experiences of the respondents, to adopt VR technology, organizations in the hospitality industry need to make changes in their dynamic capabilities, people-centric organizational change (cultural change), and knowledge management practices. These strategic transformational changes consist of paradigm modifications in both individual and organizational levels in the organization. Especially, strategic transformational change should consist of the organizational changes in leadership, organizational structure and organizational culture. The senior lecturer attached to the Department of Marketing Management, University of Sri Jayewardenepura pointed out that organizations need to undertake strategic transformational change as follows.

To adopt digital changes, organizations have to change their structure and leadership. When changing the leadership new culture will create within the organization by following it. Then, organizations have to make structural changes that can absorb those leadership changes and cultural changes. At last, these changes should change the attitudes and behaviors of employees to convert digitalization into a reality.

According to his argument, organizations have to make changes in their structure and leadership to adopt digital transformation. These strategic transformational changes will completely reshape organization's business strategy and processes, often it can result in a shift in work culture as well.

Further, the Operational Manager of Wattura Resort and Spa explained that organizations need to change the perception of their employees as follows (This comes under the strategic transformational change, since it creates a new set of behaviors or changes in the current behaviors of the employees).

Drastically we have to change the perception that we have about the technology. Still, the top management of organizations that are in the Sri Lankan hotel industry are baby boomers. They are not tech-savvy people and that is why they are still asking everything in writing and also in most of the payments printed bills are needed instead of E-evidence.

The Senior Lecturer in Tourism who is attached to the University of Sabaragamuwa highlighted the importance of information security and ethics under the strategic transformational change as follows.

We have to have more pro databases. Since now we are in a situation where we function based on customer details, because of that we have to consider about technology and ethics. Especially we have to consider about data privacy, cyber security and all these issues. We did not have to consider about it before, we just wrote customer details in a book or we just typed it and we did not maintain



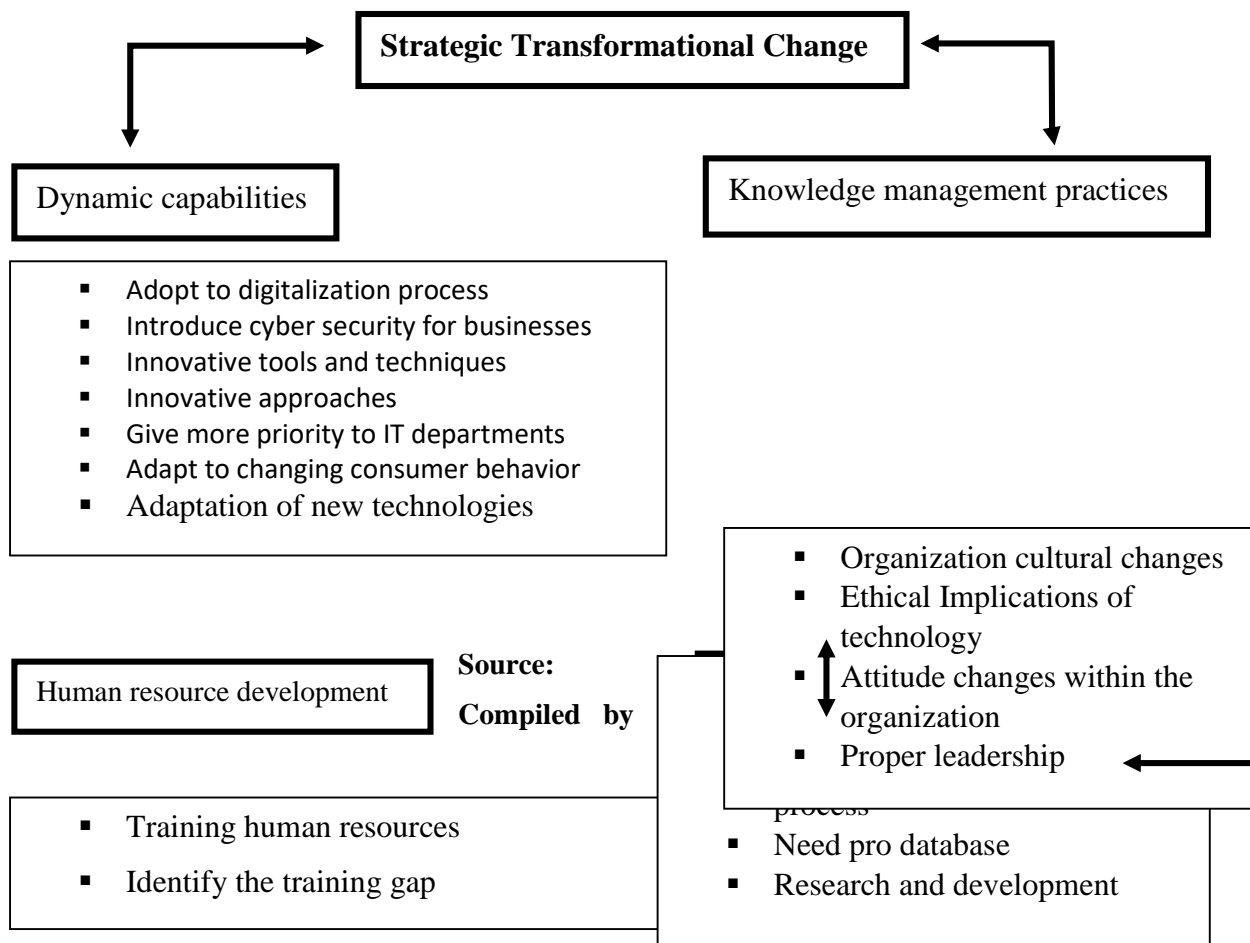
databases. Now we have to worry about the privacy of data because hackers in the world are trying to get that information. Now companies have to understand future trends. You can't ignore the service portfolio without human contact. The way you offer the service will be digitalized, and you can reach to the customer through technology. Thereby, you have tools for that, and various apps may be developed with the combination of human contact. Therefore, due to the digital transformation, how we offer the service to the customers has changed. We use apps and technologies, therefore we have to worry about the security that we didn't have to worry about ten years ago.

As he explained, business organizations have to consider their data privacy protection since they have to work in the omnipresence of the technology-driven, and information-concentrated environment. Concerning the protection of data privacy, it comes under the dynamic capabilities that enable business organizations in the hospitality industry to transform themselves and evolve with time.

Business Development Manager of Experiential Journeys (Pvt) Ltd highlighted this fact by providing a practical example. "In our business area, we have a lot of competition. For example, in Sigiriya there could be hundreds of hotels and each hotel is competing with each other to attract tourists for their hotels. In that case, hoteliers have different trumps, and those trumps add value to their business. In such a case, hoteliers would not expose those trumps to the competitors because there is a tendency to imitate." Therefore, before adopting VR technology, hotels' management should check out the track records of the virtual tour manufacturers and inquire whether the VR device's software and firmware have been developed to protect against unethical competitors' eyes or hackers. Since data privacy protection methods reshape business strategies and processes, they can be categorized under strategic transformational changes. This research finding has emphasized the importance of crafting dynamic capabilities that enable business organizations to successfully leverage VR technology and cope with changing consumer behaviors and competitors in the future. As a whole, this research finding has highlighted the fact that strategic transformational change is one of the main essential organizational changes for adopting VR technology.

Although this finding emphasized the importance of strategic transformational change, it is crucial to aware about the salient findings developed under the categories in the analysis process theme of strategic transformational change and this is presented in figure 2.

Figure 2: Composition of strategic transformational change



the researchers based on the analysis

### Theme 2: Developmental Change

In adopting VR technology organizations need a developmental change that often focus on the improvement of a skill or business process. Respondents pointed out that organizations in the hospitality industry need to develop proper infrastructure, upgrade business model, re-engineer processes to value maximization and human resource development under the developmental change. A senior lecturer in tourism in the University of Sabaragamuwa explained that organizations need developmental change in order to adopt digital transformation as follows.

Adaptation is very important for the hoteliers. For example, if we look at the hotel sector there are people who belong to both millennial and non-millennials' technological adoption is very low. Therefore, definitely we have to provide training and learning sessions for them. Before implementing these kinds of digital projects, providing training and learning experiences are very important. It can be local training, or it can be overseas training about this technology adaptation. Furthermore, we have to give more priority to IT departments because I think that in the future, they will dominate the industry in the hotel sector. The next thing is an attitude change, it is also very important because in

Sri Lankan people are not ready to change and still most of them are traditional in their mindset. So, when the new things arrive, the adaptation is very slow, and they are going for the negative side of it rather than positives. Also, we need proper infrastructure to adopt new technologies. For example, now Wi-Fi is a minimum infrastructure that hoteliers should provide for customers in the current context but even in the Colombo area, there are so many hotels that doesn't provided Wi-Fi. So, we have to think about this too.

As he explained, modern organizations have to be more focused on their IT and R&D departments because hotels have to carry their business operations in the digital age. Furthermore, organizations related to the hospitality industry have to adopt new technologies like VR to improve the resilience in the global and local market. When they are going to adopt VR, they have to do changes in their IT infrastructure because without having minimum requirements in terms of relevant hardware, software and human resources implementation of VR will not be effective.

The PR and Marketing Executive at the Grand Kandyan Hotel stated that organizations need to enhance skills of their staff to use new processes and technology before adopting digitalization. "Firstly, we have to provide a training session about digitalization to employees before implementing any new digitalized changes. If not, implementing new changes will not be effective. Therefore, we have to increase service staff's knowledge regarding digitalization." If hoteliers fail to plan for how their employees will engage with the new technology or adopt new ways of working, then they will ultimately fail to deliver against the objectives of new technology related projects. This emphasizes that the role of developmental change as a fundamental process within the digital transformation process.

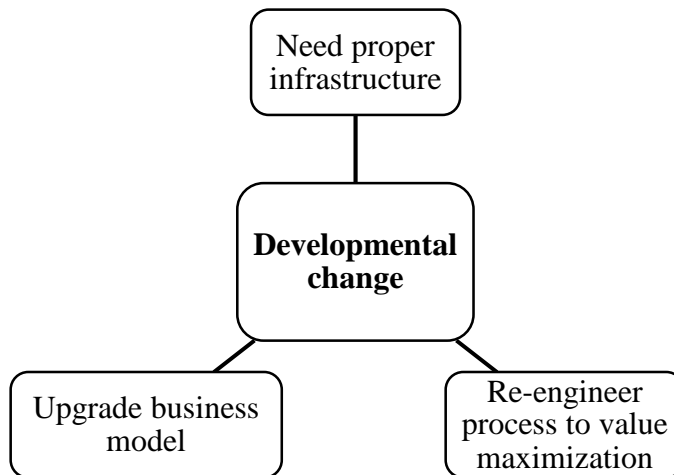
Business Development Manager at Experiential Journeys (Pvt) Ltd stated that,

First thing to stay in flexible to digital disruptions is we have to identify our gaps and then try to allocate more funds for staff training and development so they will have the skills and competencies need for the digital future. One of the biggest barriers to digital transformation that many companies face, is that they have a workforce who aren't skilled or knowledgeable about digital changes.

As he elaborated, hotel management needs to have a strong human resource backup such as competencies, creativity, and attitudes to successfully implement VR in their hotels. Therefore, it is necessary to provide training sessions for organizational employees to enhance their soft skills regarding digital technologies. It helps to achieve a balance between the efficiency and flexibility required to ensure the successful adoption of VR technology as a digital transformation. This research finding emphasized that under the developmental change, it is essential to develop human resource of organizations for adopting VR technology. Without providing proper training, adopting VR may end up with having negative impacts to the hotels. Therefore, it is important to change employees' perceptions and attitudes regarding new technologies like VR before adopting it.

The theme of developmental change was developed by the researchers with the support of three categories created in the sorting stage of the analysis process and this depicted in figure 3.

Figure 3: Composition of developmental change



Source: Compiled by the researchers based on the analysis

### Theme 3: Structural Change

Structural change consists of changes in business organization's hierarchy, business structures, administrative procedures, chain of command, and management systems. According to respondents organizational structure should be flexible for digital transformation. The Director of the York Hotel Management Service Company (Ltd) explained this scenario as follows.

There is a problem because our Director Board is very traditional in their thinking and our company is a value-based entity. Therefore, we have a problem of convincing them to adopt digital technology. However, there are some positives as well since some young members were recently appointed to the Director Board. So, they are proposing new ideas to us based on that we adapt our business into digital platforms.

As the above respondent emphasized, organizations in the hospitality industry need flexible organization set-up that induce fast responses to digital transformation. Therefore, this can be considered as a key organizational requirement that organizations need to adopt the digital transformation.

Agile organizational structures are essential to the hospitality industry because too much formal hierarchical organizational structures, with multiple management layers and a strong top-down approach, will not be effective. The fact behind that is, strong bureaucracy will cause to reduce response speed and resist to implement innovative digital initiatives such as adopting VR technology. PR and Marketing Executive of the Grand Kandyan Hotel explained this as follows,

We are a privately-owned hotel, therefore it is easy to adopt new changes because we make our procedures by our own. In the past our organizational structure is too formal and everything was done under the supervision of top management with a strong top to bottom approach but now it has changed has changed to a bottom up approach. So now we can easily make changes.

To gain the full potential of digital transformation organizations need structural changes. However, these structural changes can produce fear, doubt and insecurity within the staff. Therefore, these changes need to be very well managed in order to overcome these human centered barriers. The Operations Manager at Wattura Resort and Spa pointed out this idea as follows. “We have a young and educated team and they have experience with new technology. Therefore, with their future experience in the industry, we will be able to do more innovative initiatives.” According to these findings, it is clear that organizations need human resources together with a supportive soft infrastructure in the organization to facilitate the adoption of digitalized technologies like VR.

## **DISCUSSION**

The booming digitalization transformation trends such as artificial intelligence, VR, connected clouds, block chain technology and IoT have changed dramatically the ways of conducting business operations of hospitality organizations (Buhalis & Law, 2008; Guttentag, 2010; Samala et al., 2020). Among those technologies, especially hotels can use VR as a powerful digital experiential marketing strategy. Further, technology can be used to adapt to the dynamic business environment, boost HR effectiveness and avoid to seasonal factor impact. The motives for implementing VR technology are becoming clearer to hoteliers, yet it is essential to identify the required organizational changes to be successful in the adoption of VR. As per the literature review section of paper the amount of literature regarding the organizational changes for adopting VR technology within hospitality industry is in its infancy. Therefore, through this research article, the researchers have tried to contribute to fulfill that gap.

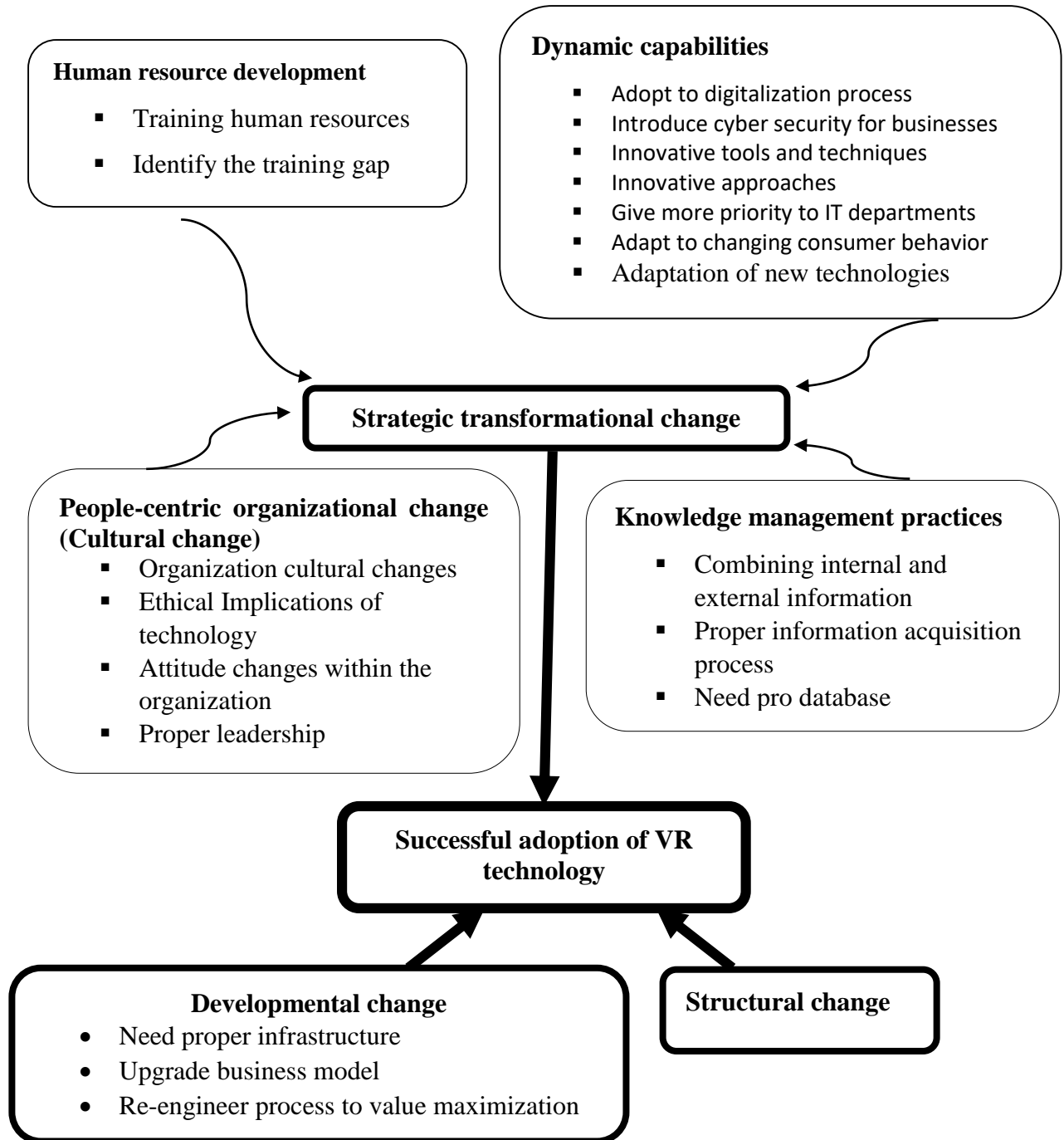
Professionals who are related to the Sri Lankan tourism & hospitality industry emphasized that hoteliers should focus on strategic transformational change, developmental change and structural change within their hotels in order to adapt digital transformation. This research findings have highlighted the required organizational changes for adopt VR technology which is one of the latest

digital transformation trends within the hospitality industry. Previous studies have also emphasized the importance of organizational leadership for digital transformation in the hospitality industry (Prihanto & Kurniasari, 2019; Pesonen, 2020; Warner & Wäger, 2019). The findings of this research complement the findings of Warner & Wäger (2019), where they contended that digital transformation involves the ongoing strategic renewal of an organization's collaborative approach and eventually the culture. Matt et al.,(2015) also proved that structural changes which include variations in a firm's organizational set-up, especially important to the digital transformation within the corporate structures. Moreover, the findings of this research show that the importance of changing of traditional mindsets and perceptions are crucial to adopt digitalization successfully (Fellenstein & Umaganthan, 2019).

Research have been conducted to identify how the VR technology adoption happened in the architecture, engineering and construction industry (Ghobadi & M.E. Sepasgozar, 2020; Noghabaei et al., 2020). Also there are several research conducted regarding digital transformation in tourism & hospitality industry (Pesonen, 2020; Martin, 2018;Buhalis & Law, 2008). However, studies about required organizational changes for adoption of VR in organizations which are in the hospitality industry are still in their infancy (Buhalis & Law, 2008; Pesonen, 2020). Therefore, findings of this research provide several theoretical contributions through its identification of required organizational changes for digital transformation especially highlighting the adoption of VR in the hospitality industry.

As an overview of the study, researchers have mapped a conceptual model about the required organizational changes to adopt VR technology within organizations in the hospitality industry as depicted in figure 4.

Figure 4: Organizational changes required for adopting VR technology in the hospitality industry



**Source: Compiled by the researchers**



## **CONCLUSION**

This study provides insights for hoteliers to identify the required organizational changes to adopt VR under the digital transformation to enrich the hospitality industry in Sri Lanka. Particularly, these findings are practically useful to hospitality management in the relevant organizations to successfully manage the digital transformation.

Accordingly, it is clear that if hoteliers or management fail to plan how their employees will engage with VR technology or adopt new ways of working, then they will ultimately fail to deliver against their new technology project objectives. Therefore, to adopt the digitalization process, organizations have to make changes strategically. Through strategic transformational change, organizations will be able to create a new culture that supports digital transformation. Then organizations have to make structural changes that provide leadership to guide cultural changes. These organization structural changes should be characterized with less hierarchies and bottom-up communication to have a more flexible environment within the organization. Therefore, it is important to do further research as to which types of specific organization structures are more suitable for adopting VR technology. Further, organizations need to change the attitudes and behaviors of employees to facilitate the implementation of VR technology as part of digitalization process. Moreover, organizations should make developmental changes in order to provide proper infrastructure to adopt VR. In this case, organizations can innovatively of new business models to capture the opportunities generated through customer dynamics.

According to the research findings, within the Sri Lankan context preparedness for change still matters since the managerial mindset is traditional in nature. Therefore, when the new initiatives emerged, the adaptation tends to be slow which can lead to less competitiveness. This requires more research to look into how the perception and mindset can be changed to adopt the digitalization. Further, it is important to highlight that as per the views of respondents VR technology can be used as a substitute for providing real tourism experience for the customers. Therefore, this can be used at the time of COVID-19 pandemic since the travelling restrictions are common place between the countries. In this context, there is a need for more research which can explore the impact of introducing VR as a substitute for real physical tourism while focusing on its long-term impact on the industry particularly at the end of COVID-19. These unnoticed areas and ideas remain intact and are proposed for the future researchers to focus on to get the advantage of irreversible digitalization.

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