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Strategic Analysis for Transformation of Small and Medium Establishments to Large Enterprise in Hajj and Umrah Industry within Saudi Arabia

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Abstract: ***Today, we are living in the advanced era of the digital age whereby digital technologies change and disrupteverything from the way we produce, consume, and communicate with each other. Due to a global phenomenon,companies undergo significant change in organization and leadership. The scope of change is not only confinedto digital change, but it also enormously covers the managerial, authoritative, strategic and leadership changesas well. The Hajj & Umrah industry is of particular significance as it deals with demographic region ofKingdom of Saudia Arabia and regionally specific to Makkah Mukarrama and Madinah Munawwara. TheMutawifeen, also known as Pilgrimage experts and guides have been running this business since decades andis managed as ancestral business in Kingdom of Saudi Arabia. This paper reviews, evaluates and proposesthe best strategy for transformation of Hajj Establishments to Large group of companies. The study in thispaper subjects Muttawiffy Hujjaj South Asia Establishment (MHSAE) as a case study organization for effectivetransformation. However, the conclusive results can be applied to any of the six establishments in Hajjdomain with changes pertaining to their core structure and needs. The proposed strategic reforms and goodgovernance strategies have been suggested in light of the standardized practices in the light of Vision 2030 putin practice by the Kingdom of Saudi Arabia***

Keywords: Transformation, SME, Digital transformation, Leadership, Authoritative Management, Hajj &Umrah, Mutawiffeen

I. INTRODUCTION

The Ministry of Hajj and Umrah carries out its duties in coordination with the Government of Saudi Arabia and local authorities to facilitate observance of pilgrimage, control and regulate services through the development of systems, use of technology, increasing the effectiveness of staff to serve pilgrims, and performance of infrastructure works with a core focus on offering religious hospitality in compliance with the international standards

Mutawifs of pilgrims, commonly refered as religious tour guides, have been greeting pilgrims who arrive in Saudi ports (Air, Land and Sea) offering services to them in the holy sites for more than eight centuries. The profession of Mutawifs has been inherited by sons and grandsons. The role is traced back to Judge Ibrahim bin Zohayra in 1480 when he guided Sultan Al-Ashraf Qa'it Bay, the 18th Burji Mamluk Sultan of Egypt. According to Halabi, the Motawif's job emerged because Mamluk rulers did not know Arabic and it remained exclusive to judges in Mecca until 1517 when dignitaries were allowed to practice it. Families in Mecca have inherited this job for 800 years as when the founding King Saud entered Mecca, and he ordered that the job remain exclusive to them. Foreign pilgrims who are estimated to be around 2-3 million each year are distributed to six different institutions of Mutawiffs. Each Mutawiffy institution serves specific set of nationalities each year as prescribed by Kingdom of Saudi Arabia. [1]

II. MUTTAWIFFY HUJJAJ SOUTH ASIA ESTABLISHMENT

Muttawiffy Hujjaj South Asia Establishment (MHSAE) is the largest institution amongst the six different institutions of Muttawiffs. With the largest number of Pilgrims served each year ranging from 580,000 to 600,000 pilgrims approximately [2], it provides the pilgrimage services to people from South Asian countries. MHSAE has also been rendering the services to pilgrims from some of the Middle Eastern countries. The total number of countries that are served each year under the local benefaction of MHSAE are:

A. Pakistan
B. India
C. Bangladesh
D. Afghanistan
E. Myanmar

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F. Nepal
G. Burma
H. Oman
I. United Arab Emirates
J. Qatar
K. Bahrain
L. Mujamla and Furada pilgrims*

III.EXISTING ORGANIZATION STRUCTURE

The MHSAE employs both permanent and seasonal staff to run its operations. The total number of permanent employees amounts to 20 employees. However, the total seasonal staff count approximates between 2000 to 3000 employees per year (including the seasonal employees for service offices).

The existing hierarchical order of MHSAE consists of Chairman at the highest rank, followed by Vice Chairman or Chairmen and respective Board Members as shown in the Figure-1.

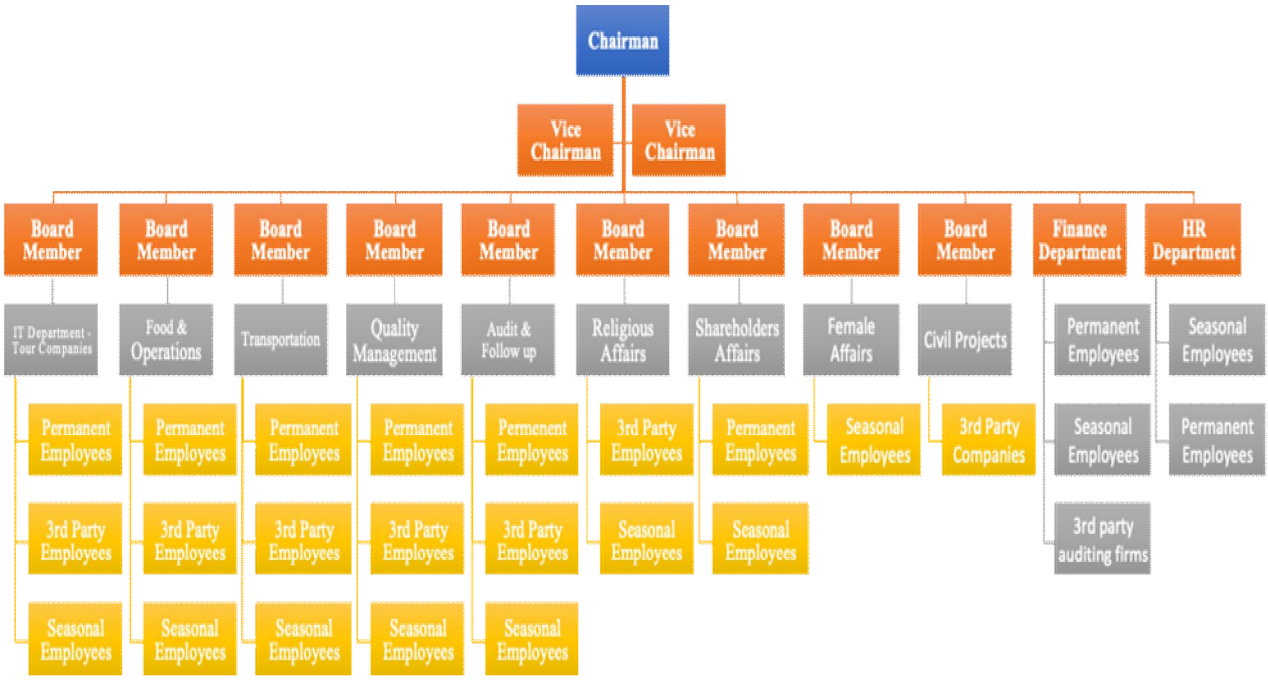

Figure 1- Existing Organizational Structure – MHSAE

Each board member manages specific committees and certain department affairs. The committees are external entity that govern the practices and policies are righteously implemented when it comes to operational affairs.

IV.GAP ANALYSIS

Organizational Diagnosis (OD) for strategic management is one of the crucial assessments that has to be performed at the time of organizational transformation.

According to Hashem \& Hassan (2018) the study and evaluation of Strategic Management Framework (SMF) can be practiced in organizations undergoing the transformation phase. Hashem \& Hassan (2018) revealed through experimental study that practical findings indicate small gap in developing strategies and presence of significant gap in the other phases of SMF [3].

Damanpour [4] postulates that organizational structure necessarily includes the nature of formalization, layers of hierarchy. Horizontal integration between levels, authority of communication and centralization of authority. The author further argues that it is the proportionate manner in which authorities and powers are distributed among the hierarchies, work procedures are allocated, and necessary evaluation is made. [4] Evaluation of existing organization structure in MHSAE reveals significant hierarchical gap between the Executive Management and other employees.

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A. Dimensions of the Organizational Structure

An organization is formed of many elements. The foundation can be characterized and classified as core elements of an organization. [5] recognizes the organizational structure is the starting point for an organization that mainly comprises of roles, positions, hierarchical levels, spans of accountability and mechanism of problem solving as well as integration. [6] in his book discussed of his belief that "structure is the internal differentiation and patterning of relationships". [7] emphasized that organizational structure presents the relationships among different roles played by units within an organization.

These diverse analogies of view presented by different experts specify that the term – organizational structure is not merely a term or concentrated on any univocal prognostic characteristic, but rather, more likely to have various dimensions.

In case of organization under argument, it needs to be evaluated carefully if the existing structure supports the formal system of task and reporting relationships that controls, coordinates and motivates the employees. Based on the current order, the structure in some dimensions falls short of formal job grouping, tasks division and intra-department coordination.

B. Measures of Organizational Performance

The employee's performance in any organization, whether small or large; is evaluated across different metrics and scales. The criteria for evaluation vary from region to culture and different demographic affiliations. However, certain standardized evaluation practices are termed as common evaluation metrics within all the organizations around the world.

Different dimensions have been adopted by organizations to evaluate the performance. Some of them are Profitability, Return on Assets (ROA), Gross Profit (GP), Return on Sale (ROS), Return on Investment (ROI), Return on Equity (ROE), Revenue Growth, Market Share, Stock Price [9,10,11]However, Venkatraman and Ramujunam [12] also postulate that perceptual sources comprise financial health or employee evaluation of organizational effectiveness and their overall level of satisfaction.

In case of MHSAE, the entire organizational performance is evaluated based on the Share value at the end of financial year. With all the expenses, profit and loss listed in the Financial statements, a comprehensive presentation which concludes to comparison of share value from previous year to current year is presented before the shareholders in the presence of Ministry representative. The shareholders then have the right to vote in favour or against the financial explanations.

C. Middle Management

To achieve organisational objectives in an organisation, different levels of management are involved with different degrees of power, authority, and responsibility. The breath of authority and responsibility in an organisation depends on a clear definition of management level [13]. Since one management level which engages in many unique tasks within the organisation is middle management, it is essential to identify the concept of middle management and to define their functions.

V. PROPOSED STRATEGY

In line with the Vision 2030, the government of Saudi Arabia places great emphasis on the concept of e-Government and the transformation process that entails with the implementation of such goals. The Saudi Government firmly believes in the enormous benefits the e-Government project will have on the national economy. [16] By adapting the strategic propositions and instigating the framework put forward by the Government of Saudi Arabia under the shadow of the Vision 2030, each organization in its own capacity can implement Digital Transformation Strategy. With key areas of focus as indicated in Figure-2 certain targets can be met with exercising the e-Government program goals and later evaluating the achievable through Key Performance Indicators (KPI).

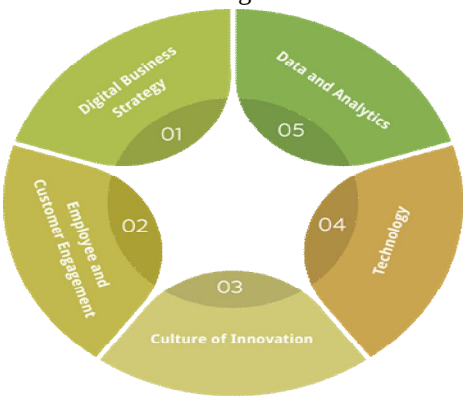

Figure 2- e-Government Program Goals

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A. Digital Transformation Strategy

In public domain, these days when social media has overcome the public interaction to a greater extent, Facebook or Google are perceived as leading example of social and digital transformation. [14] Points of interest span from creation of collaborative and innovation fuelling work environment to team or office structures. However, less attention is provided to issue of strategic management and the scope and depth of impact of digital transformation. [15]

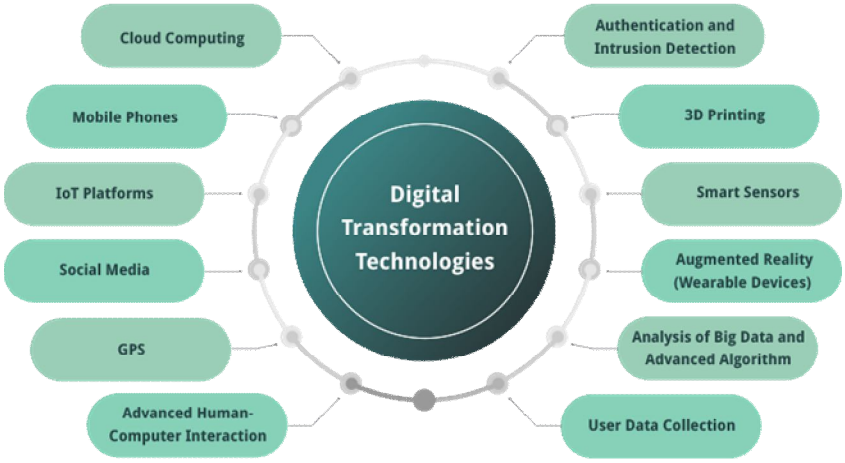

Figure 3 - Digital Transformation Techniques (Vision 2030)

The Kingdom has adopted strategies that incorporate five-year goals, for which three executive plans were drawn: the first from 2006 through 2010; the second from 2012 through 2016; the third, currently in effect, begins in 2019 with expected conclusion at 2022; its main components are digital health, digital education, e-commerce, and smart cities. [16]

According to a careful financial assessment report generated by E&Y, it states that ICT contributes around 5% to total KSA GDP and 9% to non-oil GDP (2018). [17]

Figure 4- KSA ICT market, 2016–22, US$ billion [17]

The application of these digital adaptability goals are recommended as a framework for the transforming organization in order to ensure the National Transformation Goals and the Organizational restructuring are in absolute coherence to Vision 2030 objectives.

B. Business Transformation Strategy

Business organizations face considerable challenges in the face of rapid technological development and global economic change. Considerable amount of work has been automated in terms of workflows through the implementation of ICT designed solutions. However, certain gaps in the Organizational hierarchy[18], authority and decision making ability, task ownership, associated outcomes to success or failure of a task or job itself, adaptability to organization culture and resistance by antiquated people to learn and change can definitely cause disruption in achievability of the organization objectives efficiently and in cohesive manner.

1) *Hierarchical Restructuring:* K S Chandrasekar (2020) discusses the transformations in business functions includes marketing, human resources, general management, finance and other key areas that need to be re-evaluated, structured and integrated for seamless workflow. [19]. In case of MHSAE, the gap analysis as can be clearly seen in Figure-1. The aforementioned hierarchy exhibits a clear hierarchical gap between the Board Member positions and the First-line Management or Non-Managerial staff. The structure also lacks the capability of devising corporate workflows that are necessitated in Large enterprises.

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2) *Delegating Authority:* Fadeyai et al. (2015) postulates that it is necessary for an organization to have a definite structure. With the work division and coordination of activities, employees are directed towards goals and objectives of the organization. [18] The aforementioned structure gaps can be addressed by inclusion of Middle-Level and Senior-Level Managerial positions, with clear job descriptions and short-term as well as long term task allocation that shall be later evaluated periodically through Key Performance Indicators (KPI) and appraisals.
3) *Information Exchange:* Long et al. posits that organizational effectiveness and its relation to structure can be determined by the fit between information processing requirements so that people in an organization can have exact amount of information needed. He broadened the argument by stating that in poorly structured organizations, the strong performs define the shape. [20]
4) *Budgeting:* Radonic (2018) has laid great emphasis on the importance of making strategic changes in budgeting processes. He cites that budgets as the result of the budgeting process have become a subject of criticism. Budgeting as a concept of controlling has made businesses less flexible, even though nowadays flexibility is one of the most important factors which could determine the success of an organization. Later he posits the reasons why companies all over the world have started abandoning the concept of traditional budgeting rather replaced with relatively new, more flexible concept called Beyond Budgeting. [21]. By authorizing the departments to prepare a budget lead by the Department head, rolling forecasts in line with the market-related targets, inter-departmental purchasing and later comparing the anticipated versus actual expense at the end of year. This practice shall collectively define the budget of organization for given financial year with an approximate increase or reduction of certain percentage as total. It will not only ensure authorization leveled by equal sense of responsibilities but also ensure the right decisions are made in right time.
5) *Performance Evaluation:* Performance evaluation is vital element of assessing the contribution, dedication and commitment of an employee, team or an organization as a whole**.** It is not only meant to point out shortcomings of employees but also to provide positive reinforcement for a job well done. Curzi et al. (2019) discuss in their experiment outcome that the performance appraisal focused on the achievement of formal, individual performance targets affects Innovative Work Behavior (IWB) more positively than appraisal focused on pre-defined skills that employees exhibited as they performed their work. The study also posits that performance appraisal that boosts employees' innovation at work may be used both in the digitalized sectors to further foster digitalization, as well as in wadding sectors and those with the potential to become digitalized.[23]
6) *Team Culture:* Mendibil et al. (2002) argues based on experimental study that fostering team culture in an organization not only enhances the performance and clear objectivity but it also provides a clear visionusing management model primarily based on business processes and process teams, has become a market leader. However, according to Mendibil, behind this success story there was much more than processes, teams, tools and theories that were applied in the company. [22] By enhancing scope of work through Team Culture, assigning team targets and collective assessments in terms of team evaluations shall foster the corporate culture in MHSAE.

VI. CONCLUSIONS

The objective of this study and assessment of existing practices is to identify the key transformation indicators, frameworks and practices that are required to transform the Hajj establishments in Saudi Arabia to work as independent large enterprises. Based on the study of several elements, the paper identifies and highlights the necessary progression that might precede with the transformation plan as well as enhancements that need to be addressed in the light of Vision 2030 and NTP (National Transformation Program) in Kingdom of Saudi Arabia. Finally, the gap areas have been addressed through proposed strategic and managerial enhancements that would gradually blend in with the existing organization culture to transform into necessitated corporate culture. The review additionally adds novel insights regarding the positioning of digital transformation and the key characteristics that distinguish it from previous technology-enabled ones.

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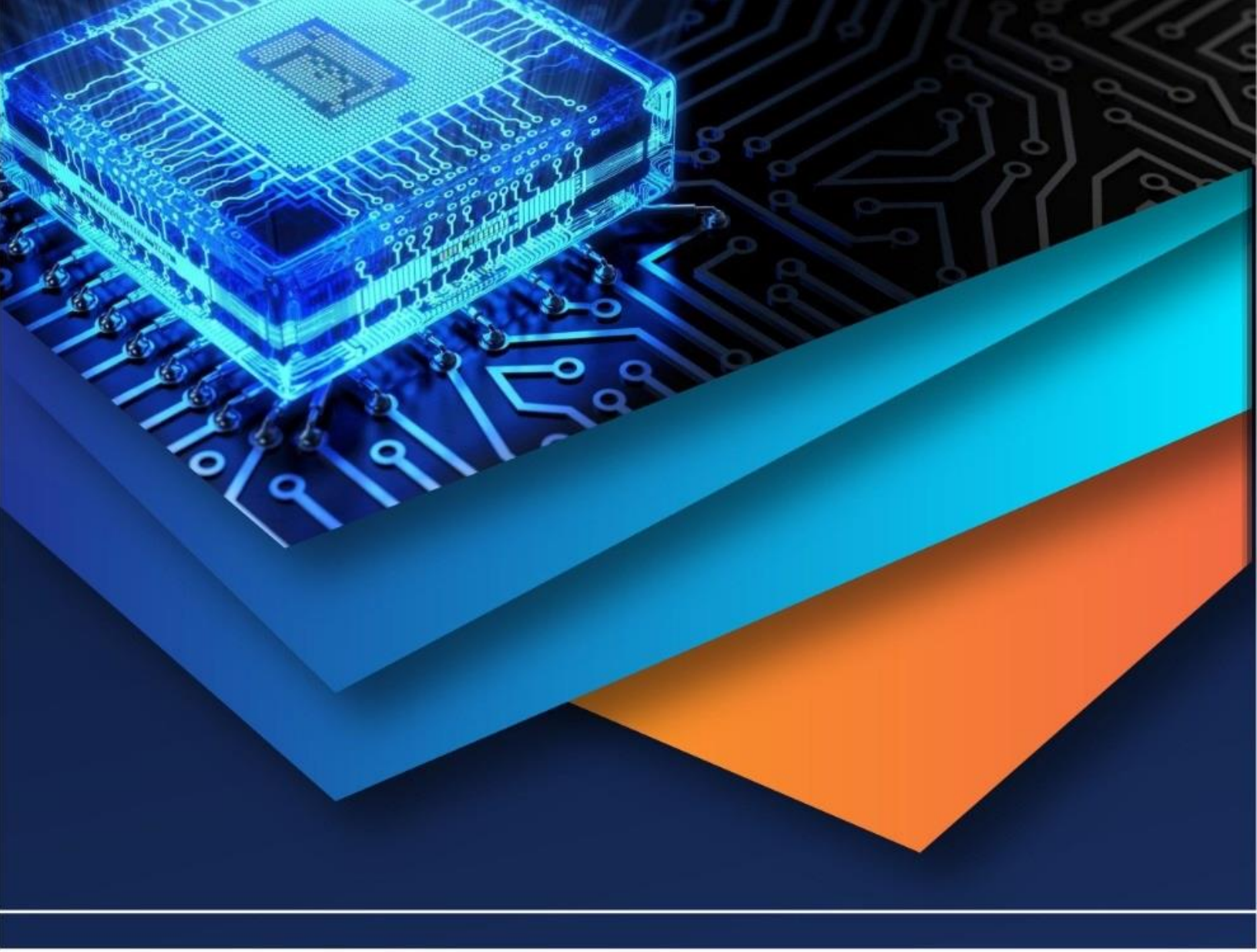

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