CHAPTER 4

A STRATEGIC MANAGEMENT MODEL FOR THE IDENTIFICATION AND INTEGRATION OF CRITICAL SUCCESS FACTORS IN TOURISM DESTINATIONS: A THEORETICAL ANALYSIS

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4.1   INTRODUCTION

The purpose of this chapter is to discuss the development of a strategic management model for the identification and integration of critical success factors.

The ideal point of departure in contemplating strategic management and planning is probably a consideration of the developments in thought. In the first part of this chapter a theoretical analysis of the evolution of strategic management thought is presented. Gluck *et al* [1980: 155] have suggested that there are four sequential stages in the strategic management process:

❑   Financial planning
❑   Forecast-based planning
❑   Externally orientated planning
❑   Integrated strategic management.

This chapter outlines the four phases identified by Gluck and then goes on to develop a 5th phase termed holistic strategic management based on the most recent literature, and thoughts on strategic management. The purpose of this analysis is to develop a theoretical base for the strategic management model proposed for identifying and integrating critical success factors.

The second part of the chapter discusses the development of a strategic management model for tourism destinations. This discussion will place the main components of the

proposed model into perspective, which will then serve as a directive for the following chapters in which the components will be critically analysed and developed.

4.2   THE EVOLUTION OF THE STRATEGIC MANAGEMENT PROCESS

Gluck, Kaufman and Wallack [1982: 18] have proposed a scheme to identify four phases in the evolution of strategic management [Figure 4.1].

Figure 4.1 **The four phases in the evolution of strategic management**

EFFECTIVENESS
OF STRATEGIC
DECISION
MAKING

INCREASING

- Annual budgets

- Functional focus

- Multi-year budgets

- Gap analysis

- 'Static" allocation of resources

- Thorough situation analysis and
  competitive assessments

- Evaluation of strategic alternatives

- 'Dynamic' allocation of resources

- Well defined strategic framework

- Strategically focused organisation

- Widespread strategic thinking capability

- Coherent reinforcing management processes
  . Negotiations of objectives
  . Review of progress
  . Incentives

- Supportive value system and climate

TYPE OF PLANNING	PHASE 1 Financial Planning	PHASE 2 Forecast-based Planning	PHASE 3 Externally Oriented Planning	PHASE 4 Integrative Strategic Management
MISSION	Meet budget	Predict the future	Think strategically	Create the future

Source: Gluck, Kaufman and Wallack [1982: 18]

[a]   Phase 1 : Financial Planning

Phase one is based on financial planning. The organization limits itself to setting budgets on which forecasts of costs and profits are based. The bases for the planning are previous financial results and sometimes extrapolations of these results. The planning is rarely based on future activities and plans. Documentation of the plan is contained in the budgets themselves and no formal strategic plan is specifically formulated. Information systems are structured to report on the performance of the organisation in relation to the budgets set.

The process is heavily dependant on the knowledge and expertise of top management. Their view of the competitive position of the organisation and its capabilities is the basis of the planning process. The quality of the strategies planned therefore depends on the quality of the top managers of the organisation.

[b]   Phase 2 : Forecast-based planning

In the second phase financial planning is supplemented with long-term planning. Because the time horizon of the previous phase is relatively short, the planners may find that the turbulence in the real world will cause their results to differ from the plans they have made. They may therefore need to employ more sophisticated methods such as trend analysis and regression models to forecast the future. These methods may eventually be developed into computer simulation models.

The planning in this phase is an improvement on the method in phase one. The longer-term view and the thought given by planners to the potential business impact of discernible current trends should lead to better decisions being made about the strategic direction to be taken. Resources may then be allocated more effectively. Furthermore, business units can share capital and other resources.

The relationships that are established based on previous developments, are assumed to hold true for the years to come. A frequent criticism is that this

system gives a false sense of security in that it supposes the future can be extrapolated from the past. Rapid environmental change may also result in the forecast becoming obsolete. Planners in phase two may therefore begin to recognize the forces driving change in the marketplace. To achieve this insight, they must understand the key determinants or factors of success in their industry.

[c]   Phase 3 : Externally orientated planning
Contrary to the earlier phases, special attention is given to macro-economic, socio demographic, and technological trends which influence the organisation as well as the industry, and to the competitive forces in the marketplace.

Planners attempt to move the organisation to a more competitive position by developing new capabilities or by redefining their market according to their strengths. To do this they take an objective look at their enterprise from the viewpoint of an outsider. This will include an evaluation of the capabilities of their competitors.

They also identify the environmental factors that decide between success and failure for their industry, and then match their capabilities to those factors that they can address. Using this approach, they can re-engineer their processes and products to better advantage. This results in a dynamic allocation of resources with the focus on the external environment.

Many diversified companies in phase three also formally group related business units into strategic business units [SBUs]. The strategic decisions are then taken at two distinct levels – at a corporate level, where the entire organisation is affected, and at the SBU level, involving the SBUs and their own environment. This makes the development of strategy relevant to the individual decision-makers in the organisation.

[d]   Phase 4 : Integrative strategic management
This phase not only covers long-term and environmental planning, but also the integration of thinking and actions which leads to sustainable competitive

advantage. Specific questions and problems are addressed through scenario analysis. Strategic thinking is spread into all levels of the organisation.

The phase is accomplished by implementing the following three mechanisms:

i)   <u>A planning framework that cuts across organizational boundaries and simplifies strategic decision-making about customer groups and resources</u>

        Instead of the two-dimensional approach used in phase three, planning could be arranged on as many as five distinct planning levels.

        At the top, direction is given to the planning process, but ideas and suggestions are sought from everywhere. Coping with this broad form of participation in the planning process is the most difficult, but also the most challenging aspect of integrative strategic management.

ii)   <u>A planning system that stimulates entrepreneurial thinking</u>

        Phase four planners avoid the bureaucratic complexity of the formal planning process used in phases two and three, by making business units responsible for their own planning, including the environmental scanning required. An entrepreneurial mode, with a culture "to create the future", must be established. In this phase the strategically important questions are known to all relevant participants. The integration of the decision-making process with strategic planning becomes essential. Keeping track of important issues is much more relevant than formal fixed planning schedules and their outcomes.

iii)   <u>A corporate value system that reinforces management's commitment to the company's strategy</u>

The values will be based on ideas such as the value of teamwork, entrepreneurial drive, open communication and a shared belief that the enterprise can largely create its own future.

An organisation's strategic planning process can be assessed against the definitions above. Knowledge of an organisation's position is very important for the internal discussion of strategic planning. Table 4.1 gives a summary of the most important factors in the four phases.

Table 4.1   Summary of factors in 4 phases of the development of strategic management

Factors	Financial planning	Long-term planning	Environmental planning	Integrative Strategic Management
Strategic Framework	budget	long-term plan	environment	Strategic issues
Strategic Thinking	business as usual	key factor unchanged	competition	integrated daily act
Planning Process	top down	extrapolation	interactive	iterative - several levels
Organisation Structure	historical	planning in staff	market orientated	integrated strategic framework
Control Process	budget reviews	'gap-analysis'	market factors	critical success factors
Reward System	no differentiation	subjective	management development	based on strategy
Leadership Style and Culture	make budget	keep it rolling	deal with issues	change the future

Source: Waalewijn and Segaar [1993: 26]

4.3   STRATEGIC MANAGEMENT : THE 5TH PHASE

The purpose of this section is to explore the most recent thoughts on the important characteristics of strategic management and to identify a possible fifth phase in the Gluck *et al* model described in the previous section. Criteria identified in Table 4.1 will be used to evaluate this phase, namely: strategic framework, strategic thinking, organisational structures, control and rewards, leadership style and culture.

4.3.1 Strategic framework

From the literature review it is apparent that the majority of authors for example [Row *et al*, 1994; Hax & Majluf, 1996; Wright *et al*, 1996; Thompson, 1997; David, 2001; Johnson & Scholes, 2002 and Lynch, 2003] still support the basic components of the strategic planning framework as developed in the fourth phase of Gluck *et al*'s model and depicted in Figure 4.2.

Figure 4.2   Basic Strategic Planning Framework

Environmental assessment

❑   External environmental trends
❑   Industry analysis
❑   Competitor analysis
❑   Market analysis
❑   Opportunities and threats

Internal Assessment

❑   Assessment of competitive position
❑   Critical resources and competencies
❑   Strengths and weaknesses

Strategic direction and positioning

❑   Vision mission and objectives
❑   Strategies, action plans and budgets

Source: Adapted from Hax and Majluf [1996: 27]

The different components will now be evaluated and discussed.

a]   Environmental assessment

Strategists agree that an understanding of the environment is an essential element in the development of strategy. It is important to study the environment surrounding the organisation for three main reasons. Firstly, most organisations compete against others, so a study of the environment will provide information on the nature of competition as a step to developing sustainable competitive advantage [Porter, 1980: 15 and Lynch, 2003: 87]. Secondly, most organisations will perceive opportunities like new markets, that might be explored and threats that need to be contained [Andrews, 1987: 102 and Lynch, 2003: 87]. Thirdly, there are opportunities for networks and other linkages that lead to sustainable cooperation. Such linkages, with others, may strengthen an organisation in its environment by providing mutual support [Lynch, 2003: 88].

The nature of the environment, stages in environmental assessment and the importance of the environmental assessment will now be further analysed and discussed.

i]   <u>Nature of the environment</u>

Most firms face external environments that are highly turbulent, complex and global conditions that make interpreting them increasingly difficult [Hitt *et al*, 2003: 43]. There are, however, according to Lynch [2003, 88], three difficulties in determining the connection between the organisation's strategy and its environment.

❑   *The prescriptive versus emergent debate*

Some prescriptive strategists take the view that, in spite of the various uncertainties, the environment can usefully be predicted for many markets. Some [but not all] emergent strategists believe that the environment is so turbulent and chaotic that prediction is likely to be inaccurate and serve no useful purpose [Lynch, 2003:88].

❑   *The uncertainty*

Whatever view is taken about prediction, all strategists regard the environment as uncertain. New strategies have to be undertaken against a backdrop that cannot be guaranteed. Strategies are sometimes made on the false assumption that the world is "supposed to hold still" while a plan is being developed and then stay on the predicted course while that plan is being implemented [Mintzberg, 1994: 109].

❑   *The range of influences*

It is conceivable, at least in theory, that every element of the organisation's environment may influence corporate strategy. One solution might be to produce a list of all elements. This would be a strategic mistake because organisations and individuals could find it difficult to develop and manage every item. The production of comprehensive lists that include every major eventuality with no priorities, will therefore have no value. Lynch [2003: 88] suggests that a better solution would be to identify critical factors for success in the industry and then to direct the environmental analysis towards these factors.

[ii]   Stages in environmental assessment

Various works on strategy, particularly those of Lynch [2003: 123], identify four important stages in environmental assessment, namely:

-     macro environmental assessment
-     industry assessment
-     competitive assessment
-     market assessment.

❑   Macro environmental assessment

The two most popular techniques when considering macro environmental factors are the PESTEL analysis and the scenario based analysis. The PESTEL analysis serves as a checklist to identify the most important political, economic, socio-cultural,

technological, environmental and legal aspects in the environment impacting on the organisation [Hitt *et al*, 2003: 43 and Lynch, 2003: 92].

The organisation cannot directly control the macro-environmental segments and elements. Successful organisations will gather information required to understand each segment and its implications for selecting and implementing of the appropriate strategies. For example, the terrorist attack in the United States on September 11, 2001 surprised most businesses throughout the world. This single set of events had substantial affects on the United States and the global economy. Although organisations were differently affected and could not control the economy, they were challenged to understand the effect of this decline in the economy on their current and future strategies.

In the context of a scenario-based analysis, a scenario can be defined as a model of a possible future environment for the organisation, whose strategic implications can then be investigated [Lynch, 2003: 93]. It is less concerned with prediction and more involved with developing different perspectives on the future. For example, a scenario might be developed to explore the question: "What would happen if green environmental concerns forced private cars off the road by the year 2020 and the demand for steel in cars collapsed as a result? What impact would this have on steel companies like Yscor?"

❑   Industry Assessment

The industry assessment consists of an analysis of the industry lifecycle, industry success factors and the five forces that will determine power in the industry [Haberberg & Rieple, 2001: 131 and Lynch, 2003: 103;]. Lynch [2003: 103] indicates that the nature of strategy will change as industries move along the lifecycle phases of introduction, growth, maturity and decline. He also points out that the identification of critical success factors for an industry can provide a useful starting point for an environmental analysis. Critical success factors are common to all the major organisations in the industry and do not differentiate one organisation from another. Porter's Five Forces Model [1980: 136] helps the organisation to identify competitive

forces in the industry to enable it to develop opportunities in its environment and protect itself against competition and other threats. The five forces are:

- the bargaining power of buyers/customers
- the bargaining power of suppliers
- the threat of new potential entrants
- the threat of substitutes
- the extent of competitive rivalry

Haberberg and Rieple [2001: 163] point out that the most important purpose of the industry assessment is to identify the attractiveness of the industry as well as the strategic implications of its success factors.

❑ Competitive Assessment

Lynch [2003: 113] emphasizes the importance of competitor profiling and analysis as part of the environmental assessment. He notes that it is important to analyse the leading competitors covering their objectives, resources, market strength and current strategies.

❑ Market Assessment

Lynch [2003: 115] identifies three dimensions of market assessment:

- identification of the customer and the market
- market segmentation and its strategic implications
- the role of customer service and quality.

[iii] The importance of the environmental assessment

From the literature it is clear that although strategic management has evolved past the environmental planning phase described earlier in this chapter, it is still critical to assess the environment for strategic purposes. The reason for this can be found in the

observation that a changing, dynamic and competitive environment will have the biggest impact on strategy making in organisations.
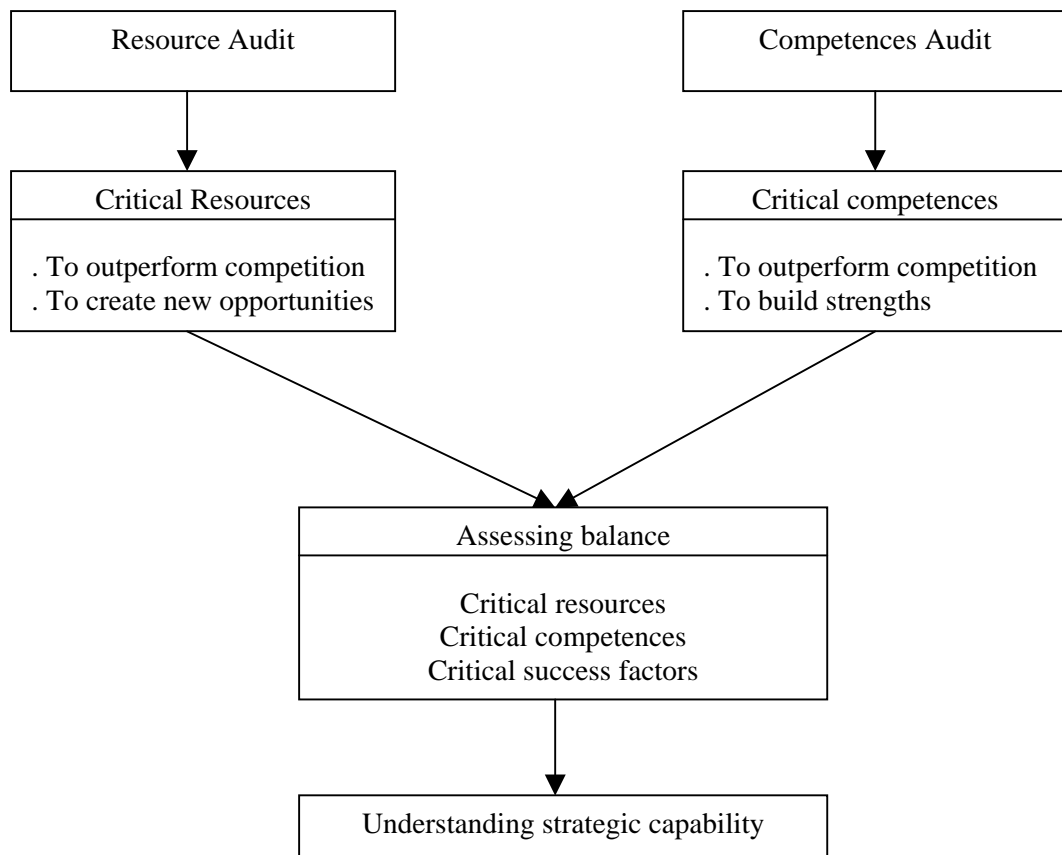
Given the amount of analysis that can potentially be undertaken, the question is raised as to whether each aspect of the analysis has equal priority. Lynch [2003: 116] argues that, although there are no rules, it is usually the case that the customer comes first, the immediate competition second followed by the broader national and international environment surrounding the organisation.

b]   *Internal assessment*

The previous section underlined the importance of analysing and understanding the external environment in which an organisation is operating, but successful strategies are also dependent on the organisation having the internal strategic capability to achieve competitive success [Johnson & Scholes, 2002: 145, Campbell *et al*, 2003: 153 and Hitt *et al*, 2003: 72].

Hitt *et al* [2003: 78] reason that it is critical that managers view the organisation as a bundle of heterogeneous resources, capabilities and core competences that can be used to create an exclusive market position. This perspective suggests that individual organisations possess at least some resources and capabilities that other organisations do not – or at least not in the same combination. Resources are the source of capabilities, some of which lead to the development of an organisation's core competences [Peteraf, 1993: 18, and Brush & Artz, 1999: 223]. Analysing the strategic capability of an organisation is clearly important in terms of understanding whether the resources and competencies fit the environment in which the organisation is operating. Figure 4.3 provides a systematic way to move from an audit of resources and competences to a deeper understanding of strategic capability [Johnson & Scholes, 1999: 152].

Figure 4.3   Analysing strategic capability

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┌─────────────────────────┐         ┌─────────────────────────┐
│      Resource Audit     │         │     Competences Audit   │
└─────────────────────────┘         └─────────────────────────┘
             │                                   │
             ▼                                   ▼
┌─────────────────────────┐         ┌─────────────────────────┐
│    Critical Resources   │         │   Critical competences  │
├─────────────────────────┤         ├─────────────────────────┤
│ . To outperform         │         │ . To outperform         │
│   competition           │         │   competition           │
│ . To create new         │         │ . To build strengths    │
│   opportunities         │         │                         │
└─────────────────────────┘         └─────────────────────────┘
              \                            /
               \                          /
                \                        /
                 ▼                      ▼
           ┌───────────────────────────────┐
           │       Assessing balance       │
           ├───────────────────────────────┤
           │      Critical resources       │
           │      Critical competences     │
           │     Critical success factors  │
           └───────────────────────────────┘
                           │
                           ▼
           ┌───────────────────────────────┐
           │ Understanding strategic       │
           │ capability                    │
           └───────────────────────────────┘
```

Source: Adapted from Johnson and Scholes [1999: 151]

i]   <u>The resource audit</u>

According to Pollalis and Grant [1994: 17], three major stages in resource development will prevail from the time that the vision and goals of the organisation are conceived and the strategy set to the time they are implemented:

❑   Scouting – This refers to the preliminary stage of collecting information regarding resources as well as identifying the organisation's critical resources.

❑   Maintenance – This refers to the optimal allocation of available organisation resources to accomplish objectives efficiently and effectively.

❑   Dominance – This is where the organisation transforms its knowledge and experience into new and unique resources, thus creating sustainable competitive advantage.

The resource audit identifies the resources "available" to an organisation from both within and without, to support its strategies. Some of these resources may be unique in the sense that they are difficult to imitate, for example, patented products, a low-cost source of supply or the location of a facility. Resources could be both tangible [such as financial resources and physical assets] and intangible [such as reputation, customer orientation, product innovation, technology superiority].

ii]   Competences audit

The difference in performance of different organisations in the same industry is rarely fully explainable by differences in their resource base per se. Superior performance will also be determined by the way in which resources are deployed to create competences in the organisation's separate activities and the processes of linking these activities together to sustain excellent performance [Grant, 1997; and Johnson & Scholes, 1999].

Although the organisation will need to achieve a threshold level of competence in all of its activities, only some will be core or critical competences. These are the competences that underpin the organisation's ability to outperform competition, or to demonstrably provide better value for money to the visitor. Critical competences will differ from one organisation to another depending on how the organisation is positioned and the strategies it is pursuing.

A very acceptable technique that can be used to describe the activities within and around an organisation and relate them to an analysis of the competitive strength of the organisation, is the value chain analysis [Johnson & Scholes, 1999; Porter, 1985; and Thompson, 1997].

One of the key aspects of the value chain analysis is the recognition that organisations are much more than a random collection of machines, money and people. These resources are of no value unless deployed into activities and organised into routines and systems that ensure that products or services are produced which are valued by the final consumer or user [Porter, 1985: 71]. In other words, it is these competences

to perform particular activities and the ability to manage linkages between activities that are the source of competitive advantage. Porter argues that an understanding of strategic capability must start with an identification of these separate value activities.

iii]   <u>Assessing balance</u>

A further analysis of the literature [Pollalis & Grant, 1994; Grant, 1997; and Johnson & Scholes, 1999] indicates that the critical resources and competences should not only be identified, but should be balanced and integrated with the strategies of the organisation to ensure sustainable competitive advantage.

Johnson and Scholes [1999: 163] suggest the following steps for "unpacking" the competences:

❑   The first step is to identify the organisation's business scope and critical success factors. These are the success factors that are the basis of perceived value for customers and will ensure the overall success of the organisation.

❑   The second step is to "unpack" each of these bases of success. The managers ask why the organisation is especially successful at providing good service, or an innovative product range and so on. These can be regarded as the secondary reasons for success.

❑   The next step is more challenging. The requirement is to unpack again each of the secondary reasons for success. It requires the managers to get down to tertiary reasons for success at operational levels of detail that may not be immediately obvious.

❑   The final step is to look for patterns of explanation. Johnson and Scholes [1999: 165] postulate that it is unlikely that one factor explains a core competence. It is more likely that there are linked factors.

In a similar way to Johnson and Scholes, Pollalis and Grant [1994: 18], suggest that critical resources should be directly linked to the critical success factors. They suggest the following process:

❑ First identify the critical success factors that apply to the market and organisation level strategic analysis [i.e. environmental and resource analysis].

❑ The second step is to identify the critical resources. Critical resources are defined as the resources that are unique to the organisation and have the potential to either minimise costs or maximise profits.

❑ The final step is matching and balancing the critical success factors and resources. For example, one of the critical success factors is cost control and one of the critical success resources is information technology. The secondary success factor resulting from this combination could be effective accounting information, or a distribution based information system.

It is important to note that the approach by Pollalis and Grant [1994: 17] is somewhat different from the traditional strategic management perspective. Strategic management has emphasized the traditional forward planning or ends-ways-means approach for strategy development. The traditional approach suggests that managers first identify the critical success factors, then define what strategies will help accomplish these and finally identify what resources they need to do so. The framework described by Pollalis and Grant tends to conform more with the notion of reverse-planning. Therefore an organisation should first build a resource infrastructure, i.e. emphasize such resources as expertise, reputation, know-how, leadership, information technology, and training and then match and balance those resources with appropriate opportunities and critical success factors towards the accomplishment of their vision and goals.

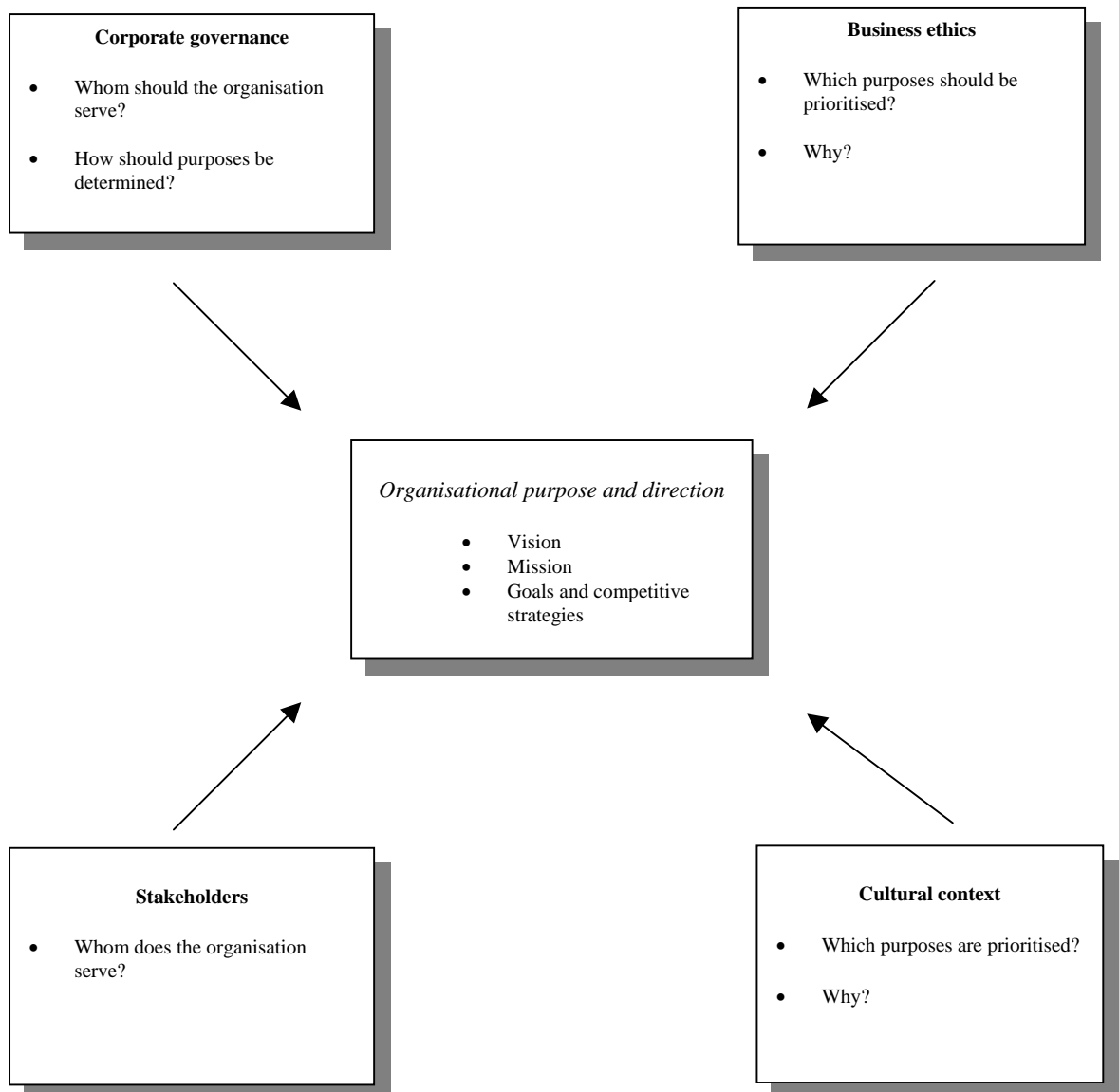## c]   *Strategic direction and positioning*

Strategic direction and purpose is the most important point of departure for strategy making [de Wit & Meyer, 1999: 444; and Lynch, 2003: 354]. The strategic direction will first be determined by the vision, mission and overall goals of the organisation [Campbell *et al*, 2003: 12], but will also be influenced by the values embraced by the stakeholders of the organisation [de Wit & Meyer, 1999: 444].

Strategic positioning and intent is leveraging an organisation's resources, capabilities and core competences to accomplish the organisation's goals in the competitive environment [Hitt *et al*, 2003: 22]. Campbell *et al* [2003: 16] call this the holistic view of strategy that strategically balances, integrates and coordinates all facets of the organisation [resources, capabilities, core competences and activities] and its interaction with the environment [customers, suppliers, competitors, government, legislation, technology].

i]   <u>Strategic purpose and direction</u>

Johnson and Scholes [2002: 194] identify four broad influences on an organisation's purpose and direction. The influences are depicted in Figure 4.4.

Figure 4.4   Influences on organisational purpose and direction

Corporate governance

- Whom should the organisation serve?

- How should purposes be determined?

Business ethics

- Which purposes should be prioritised?

- Why?

Organisational purpose and direction

- Vision
- Mission
- Goals and competitive strategies

Stakeholders

- Whom does the organisation serve?

Cultural context

- Which purposes are prioritised?

- Why?

Source: Johnson and Scholes [2002: 194]

Figure 4.5 identifies four broad influences that form part of a connected web of influences which shape the purpose and direction of an organisation at any given time. The fundamental questions to be answered here are:

❑   <u>Whom should the organisation serve and how should the direction and purpose of an organisation be determined?</u>

This is the domain of corporate governance, and relates not only to the power to influence purposes, but also the processes of supervising executive decisions and

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actions, and the issues of accountability and the regulatory framework within which the organisation operates.

❑ <u>Whom does the organisation serve?</u>

This group is normally defined in the literature as the stakeholders of the organisation. Manning [1998: 5] calls this phenomenon the new proliferation of corporate stakeholders. He phrases it as follows: "Once owners ran their businesses. Then managers came along. Now everyone wants a say. Employees, customers, suppliers, government, unionists, environmentalists – even religious leaders – demand a share of voice".

❑ <u>Which purposes and objectives should be prioritised and why?</u>

In the broadest sense, ethical agendas refer to the accountability of the organisation, first to itself, but also to the various stakeholders including those with little formal power [such as the community at large].

❑ <u>Which purposes are actually prioritised?</u>

The purposes are also related to the variety of factors in the cultural context in which the organisation is operating. This will include the broader issues of national cultures through to important reference groups – such as professional bodies to the sub-cultures within an organisation.

ii]   <u>Strategic positioning</u>

The competitive positioning paradigm, drawing largely on the work of Porter [1980, 1985], dominated strategic management in the 1980s. It emphasized the idea of "strategic fit" between the organisation and the environment so as to achieve competitive advantage, referring to this as "competitive positioning". The approach is often described as "outside in", as the initial phase is an analysis of the environment before determining how to achieve a strategically desirable position [Campbell *et al*, 2003: 16].

In the 1990s, a strong movement developed which suggested that competitive advantage arises from an organisation's internally developed core competences or distinctive capabilities rather than from its environment [Stalk *et al*, 1992; Hamel & Prahalad, 1994; and Heene & Sanchez, 1997]. Whereas Porter [1980: 1985] stressed the importance of the industry in determining competitive advantage, this approach suggests that the core competence of the organisation is of far greater importance. The approach of "inside out" suggests that businesses seeking competitive advantage must first examine and develop their own distinctive resources, capabilities and competences before exploiting them in their environment [Campbell *et al*, 2003: 17].

The holistic view of strategy incorporates all facets of the organisation [resources, capabilities, core competences] and their interaction with the environment [customers, suppliers, competitors, government, legislation, technology]. This holistic approach is embraced by the learning or knowledge-based approach to strategic management which has developed in recent years [Nonaka, 1991; Pemberton & Stonehouse, 2000; and Campbell *et al*, 2003]. In essence, this approach suggests that competitive advantage depends upon the development of new and superior knowledge through the processes of organisational learning. According to Campbell *et al* [2003: 18], competitive advantage can only be sustained if the process of learning is both continuous and continual. According to these authors, organisations must learn by gathering information about their business, their activities, their resources, their core competences, their customers, their competitors and other aspects of the business environment. The information must then be analysed to develop new strategic knowledge that will act as the basis of the new core competences and strategies that will provide a superior competitive advantage and position [Campbell *et al*, 2003: 18].

4.3.2 Strategic thinking

Strategic planning has always been about analysis. Strategic thinking, in contrast, is about synthesis. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not too-precisely articulated vision of the future. Such strategies often cannot be developed on schedule. They must be free to appear at any time and at any place in the organisation. These strategies normally

flow from processes of informal learning carried out by people at various levels of the organisation, who are involved with the specific issues at hand. Mintzberg [1994: 108] came to the conclusion that formal planners should make their contribution around the strategy making process rather than inside it. They should supply the formal analysis and hard data that strategic thinking requires, and should act as catalysts who support strategy making by aiding and encouraging managers to think strategically.

David [2001: 7] argues that although creativity and intuition are particularly useful for making decisions in situations of great uncertainty, most organisations today benefit from strategic planning which is based upon integrating intuition and analysis in decision making. According to Hunger and Wheelen [2000: 4], the difference from the past is that strategic information is now available throughout the organisation and strategic thinking and decision making is now being executed by managers and key employees at many levels and from various departments and work-groups. These groups will develop and integrate a series of strategic plans based on information emerging from their groupings as well as analytical information available to help them in their decision making processes.

4.3.3 Organisational structures

If organisations have to integrate strategic decision at all levels, more flexible organisational structures are required, replacing vertical hierarchies with horizontal networks, linking together traditional functions through interfunctional teams, and forming strategic alliances [Hirshorn & Gilmore, 1992: 104]. Rather than seeing the organisation as a traditional hierarchy of static roles, a portfolio of three dynamic core organisational processes are suggested by Bartlett and Ghoshal [1995: 86-96].

The first process in the portfolio is an **entrepreneurial process**. The entrepreneurial process entails encouraging bottom-up ideas and proposals, changing the frontline manager's role from implementer to initiator; and defining senior management's role as providing the strategic direction and context in which entrepreneurship can take place. The second process challenges traditional values and wisdom, reconfigures the

information sources and rules for success and creates **learning organisations**. Management's role is to manage and balance this positive conflict to the advantage of the whole organisation. The third process, **competence building** sees senior management's role as creating and supporting an environment that will enhance the process of strategic competence development within the organisation. Management must ensure that the organisation's competences are emphasized in strategy creation and implementation [Hitt *et al*, 2003: 396].

4.3.4 Control process and reward systems

Strategic control systems monitor the main elements of the strategy and its objectives.

Lynch [2000: 787] points out that it is important to distinguish between financial monitoring [cash flow, earnings per share, etc] and strategic controls which may include these financial elements but will also have a broader perspective. Johnson and Scholes [1999: 463] identify three broad types of control: administrative control through systems performance measures, rules and procedures; social control through the impact of culture on the behaviour of individuals and groups and self-control which people exert over their own behaviour.

A popular form of administrative control is the development of performance indicators for the critical success factors in the organisation [Johnson & Scholes, 1999: 468]. Many managers find the process of developing a useful set of performance indicators for their organisation difficult. One reason for this is that many indicators give a useful but only partial view of the overall picture. Also, some indicators are qualitative in nature, while the hard, quantitative end of assessing performance has been dominated by financial analysis. In an attempt to cope with this very heterogeneous situation, balanced scorecards have been proposed as a way of identifying a useful, but varied set of key measures.

Kaplan and Norton [1996: 25], who developed the balanced scorecard approach, argue that the balanced scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of

performance measures, organized into four different perspectives: financial, customer, internal business process, and learning and growth. Kaplan and Norton reason that these measures are not used for control as in the traditional sense, but should be used in a different way – to articulate and communicate the strategy, and to help align and integrate individual, organisational and cross-departmental initiatives to achieve a common goal.

4.3.5 Leadership styles and culture

a]   Leadership styles

A variety of possible leadership styles are identified by management literature, ranging from transactional leadership on the one hand to transformational leadership on the other [Du Toit, 1996: 26]. Following a transactional leadership style, autocratic leaders rely on giving followers clear instructions about what is required from them and how they will be rewarded. Transformational leaders use the interests of individuals to generate awareness and acceptance of the strategic direction of the organisation. A transformational leader thus has the ability to facilitate a shared vision that unites people and attempts to control the perceptions that others form about her/him through practicing behaviours that make her/him more acceptable and appealing to others [Hellriegel & Slocum, 1996: 470 and 471; Radder, 1997: 110].

Sachs and Stone [1995: 210-214] describe the transformational leader as a "high-value" manager and use eight core competencies to differentiate this leader from others. These competencies are briefly described below. The high-value manager:

❑   Sees his role as a coach, creating an environment where roles are shared, team members empowered, and learning enhanced towards achieving a unified strategic vision of the organisation based on a strong value system;

❑   Sees organisational learning as a critical process and creates an environment in which it will prosper;

❑ Ensures that all the team members can identify with the shared values and vision and secondly, that the vision and values serve as a clear directive for daily decision-making in the organisation;

❑ Practices preventive management and encourages the development of problem-solving and decision-making skills that will enhance the processes of problem solving, continuous improvement and creative thinking;

❑ Shares the organisation's values on quality and service to ensure that optimum customer satisfaction is achieved and the quality of the product is not compromised;

❑ Masters team leadership and facilitation across organisational, functional and discipline boundaries;

❑ De-emphasizes job titles to enhance cooperation, implementation and good relationships among people;

❑ Knows how to use networks, relationships and positive politics to win the support of individual players.

Hitt *et al* [2003: 393] identify six critical actions that characterise leadership that will positively contribute towards the effective use of the organisations strategies:

❑ Determining strategic direction
❑ Exploiting and maintaining core competences
❑ Developing human capital
❑ Sustaining an effective organisational culture
❑ Emphasising ethical practices
❑ Establishing balanced organisational controls.

From the preceding exposition, it is clear that strategic leadership should practice transformational leadership that will:

❑ Empower people and develop human capital
❑ Support a learning environment
❑ Support and embrace a shared value system and vision
❑ Master team leadership and integration
❑ Stimulate creative thinking

❑   Sustain an effective organisational culture

❑   Establish balanced organisational controls.

b]   ***Organisational culture***

Hitt *el al* [2003: 398] define organisational culture as "a complex set of ideologies, symbols and core values that is shared throughout the organisation and influences the way business is conducted". Because organisational culture influences how the organisation does its business and controls employees' behaviour it can be an important source of competitive advantage [Hitt *et al*, 2003: 398].

Organisational culture will also influence the ability of the strategic leadership of the organisation to sell their ideas and vision to other members of the organisation and to gain their support and commitment to change [Thompson, 1997: 110]. Thus shaping the context or culture within which organisations formulate and implement their strategies is a central task of strategic leadership. Hitt *et al* [2003: 399] argue that entrepreneurial orientation is often encouraged or discouraged by organisational culture. Organisational culture could therefore, for example, directly influence specific dimensions of an organisation's entrepreneurial orientation like autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness.

Rowe *et al*, [1994: 474] identify four internal sub-cultures, each with its own orientation to change.

❑   A productive culture, is highly resistant to change and focuses on efficiency, consistency, burocratic rules and procedures;

❑   A quality culture accepts change, focuses on effective planning and problem solving, and is geared towards achieving goals, norms and values;

❑   A supportive culture responds to change and stresses teamwork, cooperation and coordination;

❑   A creative culture, in turn, initiates change by means of innovation, entrepreneurship, risk-taking and learning.

Normally the strategic intent would be to ensure a balance so as to strengthen the creative culture in particular [Du Toit, 1996: 28]. Strong cultures, according to Weiss [1996: 271], are characterised by shared values and vision, results orientation, and open communication channels. Such a culture emphasizes the importance of people and focuses on customer service and satisfaction.

4.3.6 The 5th phase: Holistic strategic decision-making

Against the background of the preceding exposition the philosophy and factors supporting the identified 5th phase in strategic management is summarized in Table 4.2. Today's business environment has fundamentally changed from the environment of the past. Organisations are faced with unprecedented levels of turbulence and change. Competition is now a "war of movements" in which success depends on anticipation of market trends, the development of unique competences and quick response to changing customer needs. Meanwhile, as globalisation breaks down barriers between national and regional markets, competitors are multiplying and strategy cannot afford to be static anymore. In such an environment the essence of strategy is not the structure of the company's products and markets, but the dynamics of its organisational learning process, decision-making and behaviour. Strategy making is therefore no longer an isolated process, where plans or blueprints of the future are designed. On the contrary, it is a holistic and integrative process of strategic thinking, planning and learning, interwoven with all that it takes to manage the organisation.

Table 4.2   Holistic strategic decision-making

Factors of assessment	Characteristics
1. Strategic framework	1.1 Environmental assessment Dynamic and continuous environmental assessment; assessment of industry attractiveness and success factors; competitor assessment; market assessment. 1.2 Internal assessment Assessing resources, competencies and strategic capability; 1.3 Strategic direction and positioning Stakeholders; shared vision, mission and goals; knowledge based competitive position; integrated strategies and critical success factors.
2. Strategic thinking	2.1 Integrated strategies; intuition and creativity; planned and emergent strategies
3. Organisational structure	3.1 Mental models that focus on organisational learning and competencies. 3.2 Strong informal teams supporting innovation 3.3 Flexible organisational structures. 3.4 Integrated framework
4. Control process and reward system	4.1 Success factors and performance indicators that translate, communicate and integrate vision and strategies. 4.2 Social controls and self-controls. 4.3 Rewards linked to strategy. 4.4 Balanced organisational controls

5. Leadership style and culture	5.1 Transformational leadership
	   - empowers people and develop human capital
	   - supports a learning environment
	   - supports a shared value system and vision
	   - masters team leadership and integration
	   - stimulates creative thinking
	5.2 Culture and value system that supports a shared vision, learning, creative thinking and integration

Source: Researcher's own construction

4.3.7 *Strategic management and the identification of critical success factors*

Critical success factors were defined in Chapter 3 as "those limited result areas that are critical for the attainment of the destination's vision and goals and which, when properly sustained and managed, will have a significant impact on the sustainable growth and competitiveness of the destination".

Various works on strategy, [Hofer & Schendel, 1978; Pollalis & Grant, 1994, and Gluck *et al* 1980: 31] indicate that identifying critical success factors provides a means by which an organisation can:

❑   assess the external environment

❑   assess the internal situation and identify competencies and capabilities

❑   identify strategies using critical success factors as anchor points.

These elements are cornerstones of the strategic planning and strategy development process. Figure 4.5 shows the linkages between three levels of critical success factor analysis and the strategy formulation process.

Figure 4.5   **Critical Success Factor Analysis and the Strategy Formulation Process**

Three Levels of Critical Success Factor Analysis	Linkages	Common Elements of the Strategy Formulation Process*

Macro/Environment

aids in delineation of environmental trends

threats and opportunities

assessment

1. environmental

2. internal assessment

Industry

links to industry and competitor analysis

3. strategic direction and positioning

also influencing strategic direction

4. strategic evaluation

Organisation

assist with strengths and weaknesses assessment as well as strategic capabilities

5. strategic choice

provides means to set priorities for organisation's resource allocation

Strategic alternatives can be evaluated against critical success factors and the relative importance of critical success factors may influence prioritisation of strategic alternatives

Source: Adapted from Hofer and Schendel [1978 : 47]

In Chapter 3 it was demonstrated how the environment, industry and organisation are the main sources for the identification of critical success factors. Pollalis and Grant [1994: 12] show that once critical success factors have been identified they can also be used as reference points for strategic analysis and strategy formulation as shown in Figure 4.7. For example, critical success factors identified in the tourism industry by Crouch and Ritchie, [1999: 149] include location, dependencies, safety and security, and cost. These critical success factors could be used to identify opportunities or threats for different tourism destinations as well as potential new entrants. They could also lead to the identification of strengths and weaknesses in a specific destination.

Pollalis and Grant [1994: 12] go further and indicate that organisational or destination success factors should be linked with critical resources and competences to ensure a competitive position for the organisation or destination. This view corresponds with the holistic view on strategic positioning discussed in section 4.3.3 of this study.

4.4 STRATEGIC MANAGEMENT MODEL FOR TOURISM DESTINATIONS

In the preceding section a theoretical analysis of the strategic management framework and the identification of critical success factors within this framework was critically discussed and presented. This background enables closer attention to a possible strategic management model as it could pertain to tourism destinations.

4.4.1 Strategic planning in tourism organisations: the existing paradigm

Blazer and Rovelstad [1983:2] concluded that strategic planning was less advanced in tourism organisations than in manufacturing ones. However, a study by Athiyaman and Robertson [1995b: 199] found the level of commitment to strategic planning in the tourism industry as strong as that in the manufacturing sector. This later study restricted its research to large tourist organisations. However, use of the strategic approach is not confined to large organisations and may be undertaken by the whole range of organisations in the tourism sector.

For example, organisations vary in size from sole proprietors and partnerships, to large, publicly quoted national and multinational corporations. Secondly, organisations range from private profit-making to governmental organisations to voluntary associations. Thirdly, organisations represent the key sectors of tourism – transportation and infrastructure, accommodation and hospitality services, attractions, distribution, national and local tourism and marketing organisations. Fourthly, the strategic approach can be extended to destinations, which are not organisations, but rather a complex mix of individuals, organisations, attractions and environments.

Burns [1998: 555] shows that approaches to tourism planning at the national destination level may be placed on a continuum, ranging from the tourism-first approach to the development-first approach as depicted in Figure 4.6. The tourism-first approach rehearses arguments concerning the economic and growth benefits to be gained from this industry through various multipliers and high tourist arrival numbers. Emphasis is on gross national receipts in a nation's tourism account and on applying the Keynesian multiplier mechanism to tourism. This, it is argued, remains the dominant model for aid-assisted planning at a national level for non-industrialised countries. The roots of the tourism first perspective are to be found in the supply-led approach to tourism development epitomized by the World Bank, and its executing agents [consultant planners].

Figure 4.6   Bipolarities in tourism planning and development

'Tourism-First' approach	**development concerns:** *economic growth, focus on needs of production* ⟷ **development concerns:** *dualism, dependency, underdevelopment*	**'Development-First' approach**
	key characteristics: *tourism-as-industry (product development; returns on investment)* ⟷ **key characteristics:** *tourism-as-system (holistic, redistribution, sustainable human development)*	
	key inference: *tourism-as-consumerism, commoditisation* ⟷ **key inference:** *tourism-in-culture/ culture-in-tourism*	
	underpinning philosophy: *globalisation leads to global village where GATT and free markets will drive distribution* ⟷ **underpinning philosophy:** *tourism as part of a package to improve economic alternatives enabling equitable distribution*	

Source: Burns [1998: 556]

The opposite pole on the continuum, the "Development-first" approach, is concerned with using tourism as a tool for national development, and is based on the work of de Kadt [1976: 91] and Bryden [1973: 105]. This perspective takes a definite, multi-disciplinary approach to tourism and how it might be developed, placing emphasis on the relationship between tourism and its environments. Emphasis is placed on the net benefits to the nation in question [Harrison, 1992: 51] set against a broad range of costs, including the social, cultural and environmental. Such approaches are holistic since they acknowledge the difficulty of distinguishing economic impacts from other consequences of tourism. Their focus is on development, seeing tourism as a means, or a tool for achieving national, social and economic goals.

Burns [1998: 558] suggests a continuum [as depicted in Figure 4.8] as a way of categorising planning approaches. He concludes that one pole, tourism-first, remains the dominant paradigm but that, based on the analysis of especially developing countries like Eritrea, it must be acknowledged that most societies and communities
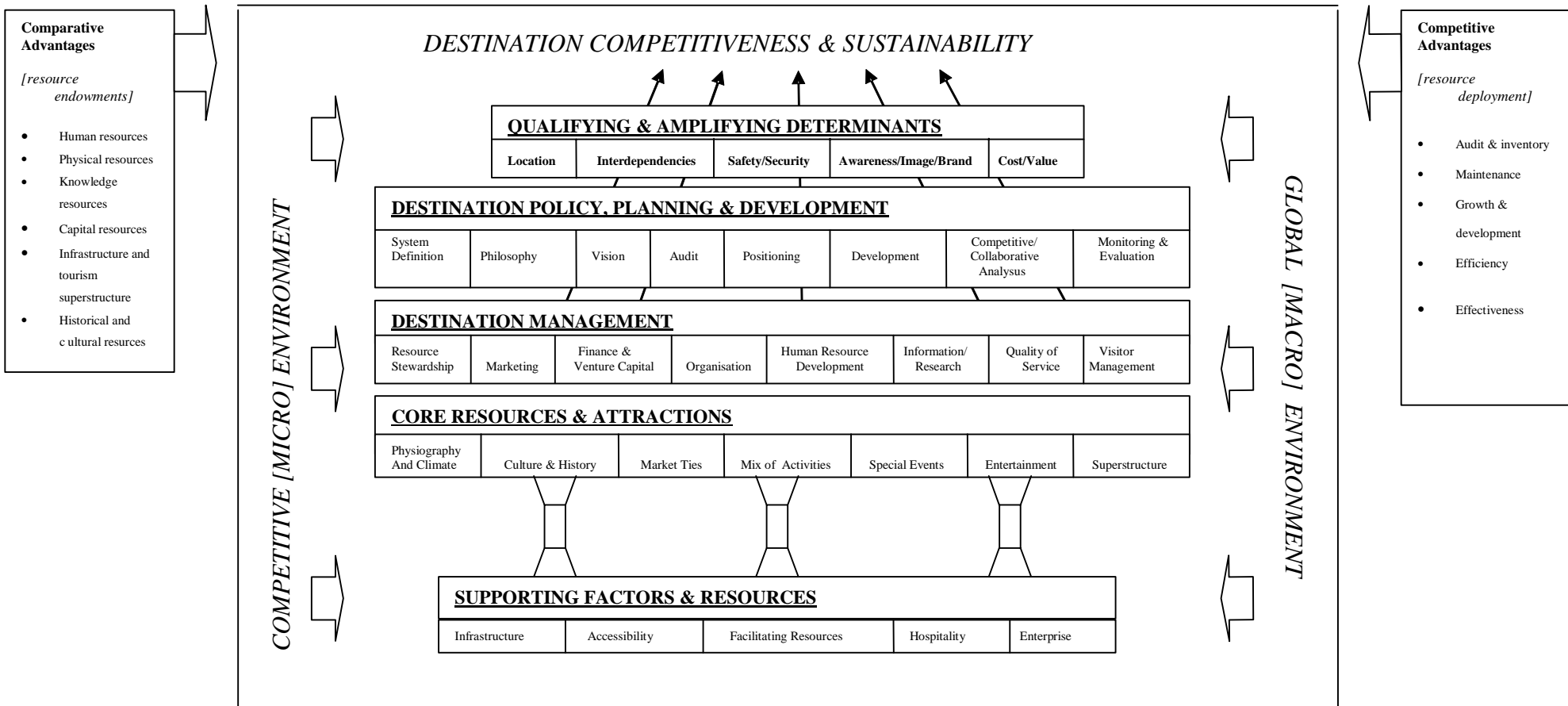
have the desire for material wealth and social improvement, and that it is a fallacy to assume that such aims can be achieved without impacts or sacrifices.

Tourism planning requires certain systematic processes and approaches. Depending upon the types of planning and the specific forms of application, certain approaches could be taken, but conceptually, all of the approaches could be applied to any level and type of tourism planning. Inskeep [1991: 29] describes several different approaches to tourism planning. Each approach emphasizes the concept of planning as continuous and incremental, systems-oriented, comprehensive, integrated, involving environmental and sustainable development, and considering the community approach.

4.4.2 Strategic destination planning frameworks

By far the most comprehensive destination planning model that has been developed is that of Crouch and Ritchie, [2000; Dwyer, 2001: 60; and Yoon, 2002: 28]. This model is depicted in Figure 4.7.

Figure 4.7   Destination competitiveness model

Comparative Advantages

[resource endowments]

- Human resources
- Physical resources
- Knowledge resources
- Capital resources
- Infrastructure and tourism superstructure
- Historical and cultural resurces

COMPETITIVE [MICRO] ENVIRONMENT

DESTINATION COMPETITIVENESS & SUSTAINABILITY

QUALIFYING & AMPLIFYING DETERMINANTS

| Location | Interdependencies | Safety/Security | Awareness/Image/Brand | Cost/Value |

DESTINATION POLICY, PLANNING & DEVELOPMENT

| System Definition | Philosophy | Vision | Audit | Positioning | Development | Competitive/ Collaborative Analysus | Monitoring & Evaluation |

DESTINATION MANAGEMENT

| Resource Stewardship | Marketing | Finance & Venture Capital | Organisation | Human Resource Development | Information/ Research | Quality of Service | Visitor Management |

CORE RESOURCES & ATTRACTIONS

| Physiography And Climate | Culture & History | Market Ties | Mix of Activities | Special Events | Entertainment | Superstructure |

SUPPORTING FACTORS & RESOURCES

| Infrastructure | Accessibility | Facilitating Resources | Hospitality | Enterprise |

GLOBAL [MACRO] ENVIRONMENT

Competitive Advantages

[resource deployment]

- Audit & inventory
- Maintenance
- Growth & development
- Efficiency
- Effectiveness

Source: Crouch & Ritchie [2000: 3]

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Crouch and Ritchie claim that in absolute terms the most competitive destination is one which brings about the greatest success; that is, the most well-being for its residents on a sustainable basis. Crouch and Ritchie [2000] also argue that the true measure of destination competitiveness/sustainability must be a blend of two dimensions:

❑ The actual success of the destination which tourism makes in enhancing the sustainable well-being of destination residents;

❑ The extent to which the foregoing level of success has been achieved through an effective deployment of destination resources.

Comparative advantage represents the destination's factor endowments, both naturally occurring as well as created. Crouch and Ritchie [1999: 142] identify six broad categories: human resources, physical resources, knowledge resources, capital resources, infrastructure, and historical and cultural resources. The resources that make up a destination's factor endowments change over time, altering the comparative advantage of a destination. **Competitive advantages** relate to a destination's ability to use the resources effectively over the long-term. A destination endowed with a wealth of resources may not be as competitive as a destination lacking in resources [Crouch & Ritchie, 1999: 142].

A destination's **micro environment** constitutes the most salient elements that define its immediate arena of competition. Apart from the destination itself these include members of the travel trade, i.e. tour suppliers, travel agents, tourism markets, competitive destinations and destination stakeholders. As components of the tourism system, they shape the immediate environment within which a destination must adapt in order to compete.

The **global [macro] environment** recognises that the field of tourism is constantly influenced by a range of major global forces. These forces present a given destination with a number of special concerns, problems or issues that it must either adapt to, or overcome if it is to remain competitive. At the same time these forces provide destinations with a whole new spectrum of opportunities for innovation and market exploitation [Crouch & Ritchie, 1999: 146].

Qualifying determinants are factors that will determine or influence the success or competitiveness of a destination on an international level. These factors will therefore define, limit or govern the destination's competitive potential and include location, inter-dependencies, safety/security, awareness/image/brand, and cost/value.

Destination policy, planning and development module, consist of eight major components. System definition is a policy overlay that ensures that all those involved in policy formulation are dealing with the same set of parameters. Once destination stakeholders have reached agreement on a precise definition of destination constituents, they must formulate a basic philosophy concerning the role that they desire tourism should play within society. The next supporting and equally critical step, is crafting a destination vision. Once stakeholders have agreed to a tourism philosophy for the destination and formulated a vision reflecting their philosophy, they will undertake a critical analysis, or audit of the destination's existing tourism resources and capabilities, as well as the current functioning of its tourism operations.

The remaining components of the module deal with a number of more traditional aspects of strategic planning and destination development. Decisions regarding positioning are important in determining how potential visitors perceive and make choices among destinations. With positioning finalised, managers must then make a number of strategic decisions regarding the deployment of resources for effective destination development. In addition, the module includes a competitive/-collaborative analysis component and a strategic monitoring and evaluation component.

Destination management focuses on those management processes that can enhance the appeal and attractiveness of the core resources and attractors strengthens the quality and effectiveness of the supporting factors and resources and best adapt to the constraints imposed by the qualifying determinants. They include resource stewardship, marketing, finance and venture capital, organisation, human resource development, information research, quality of service and visitor management.

Core resources and attractors represent factors that have core appeal and that act to attract tourism. Crouch and Ritchie [2000] highlight physiography, culture, market
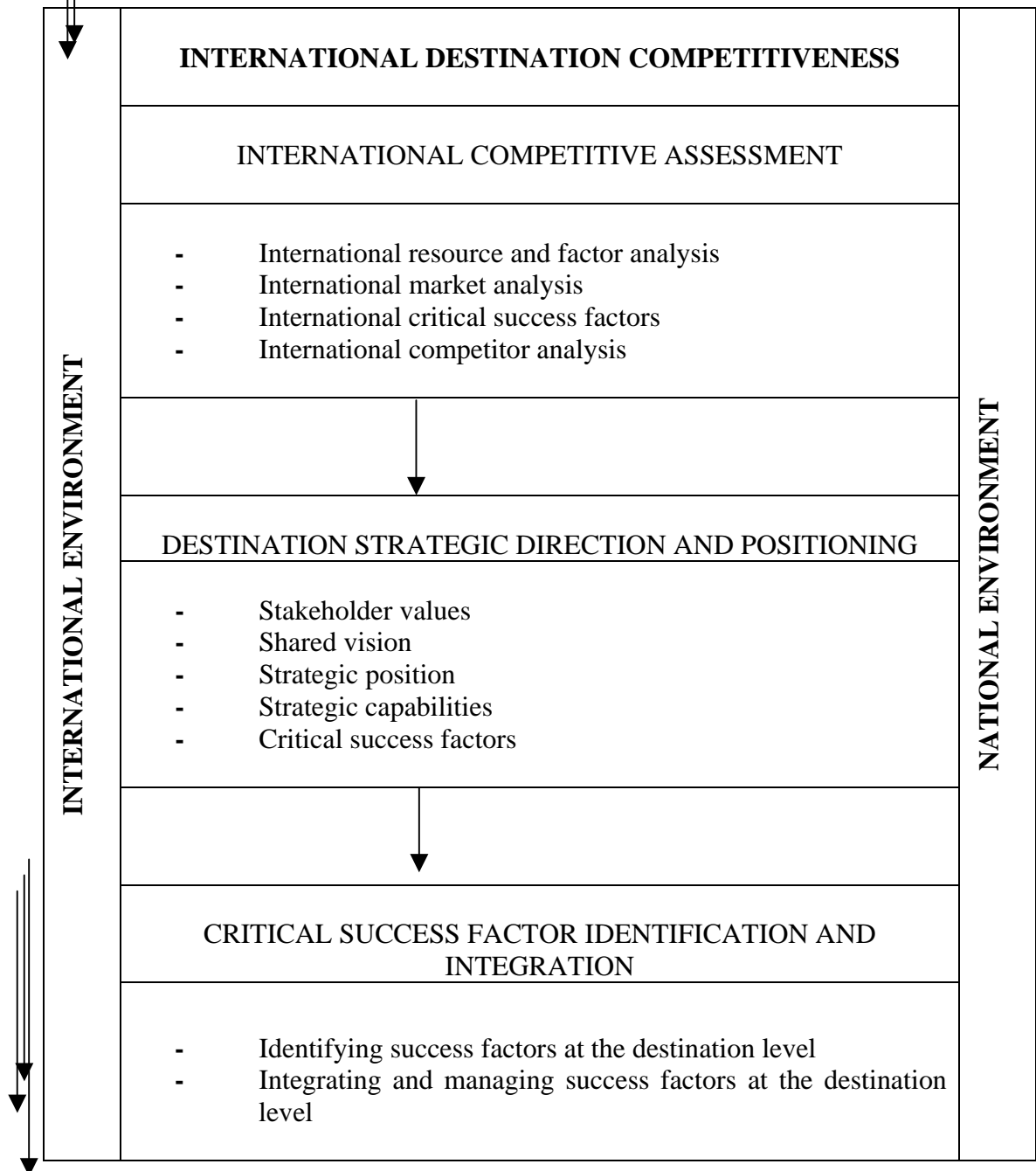
ties, mix of activities, special events, entertainment and superstructure within this group.

Supporting factors and resources provide a firm foundation upon which a successful tourism industry can be established. They include infrastructure, accessibility, facilitating resources, hospitality and enterprise.

4.4.3 A strategic management model for the identification and integration of critical success factors in tourism destinations

A strategic management model for identifying and integrating critical success factors is proposed [see Figure 4.8]. It is based on an analysis of the existing approaches suggested by contemporary authors on strategic management, and is put forward as a possible model that can be adopted and applied by national tourism destinations.

Figure 4.8   Strategic management model for the identification and integration of critical success factors in tourism destinations

INTERNATIONAL DESTINATION COMPETITIVENESS

INTERNATIONAL COMPETITIVE ASSESSMENT

- International resource and factor analysis
- International market analysis
- International critical success factors
- International competitor analysis

DESTINATION STRATEGIC DIRECTION AND POSITIONING

- Stakeholder values
- Shared vision
- Strategic position
- Strategic capabilities
- Critical success factors

CRITICAL SUCCESS FACTOR IDENTIFICATION AND INTEGRATION

- Identifying success factors at the destination level
- Integrating and managing success factors at the destination level

INTERNATIONAL ENVIRONMENT

NATIONAL ENVIRONMENT

Source: Researcher's own construction

The objective of this section is to place in perspective the main components of the proposed model. The step by step discussion of each component contributes to the final product sought, namely, the identification and integration of critical success factors to make the international destination competitive. This proposed model will serve as a base for the following chapters in which the components are critically analysed and discussed.

a]   ***Important assumptions underlying the model***

The following underlying assumptions are important for the success of the model:

- ❑   International destination competitiveness
- ❑   The influence of the international or global environment
- ❑   The influence of the national environment.

International destination competitiveness

Yoon [2002: 28] argues that one of the goals of tourism planning and development is to create more valuable tourism products and services for potential or current tourists so that destinations and their communities receive social and economic benefits. However, it has been suggested that there is a need for a clearer understanding of the ability of the tourism destination to compete effectively in an increasingly saturated market [Evans *et al*, 1995; and Crouch & Ritchie, 2000]. Planning and promotion of tourism destinations should therefore be guided by a thorough analysis of the destinations' competitive factors and development strategies [Hassan, 2000].

A number of studies have introduced and applied the concept of competitiveness in the area of tourism destination planning [Ahmed & Krohn, 1990; Crouch & Ritchie, 1993; Bordas, 1994; Pearce, 1997 Crouch & Ritchie, 1999; Kozak & Rimmington, 1999; Buhalis, 2000; d'Hauteserre, 2000; Go & Govers, 2000; Hassan, 2000; Long & Thomas, `2000; Michalic, 2000; and Kozak, 2001;]. The major interest of the existing studies has been to investigate how destination competitiveness can be sustained as well as enhanced while maintaining a strategic market position among other destination competitors.

Studies have also investigated the key environmental factors, determinants, or strategies that affect the enhancement of destination competitiveness. Specifically, it has been discussed that since tourism destinations involve multi-faceted components of natural/cultural resources and a multiplicity of businesses, a systematic framework or analytical model for destination planning and development is necessary [Hassan, 2000].

The influence of the international or global environment recognises that the field of tourism and specifically the international tourism destination is constantly influenced by a range of major global forces, trends and events [Crouch & Ritchie, 1999: 146]. The now well-known September 11 attack on the World Trade Centre in Manhattan, New York is an example of an event that impacted on each tourism destination. Environmental forces present a given destination with a number of special concerns, problems or issues that it must either adapt to, or overcome, if it is to remain competitive. At the same time, these forces provide destinations with a whole new spectrum of opportunities for innovation and market exploitation [Crouch & Ritchie, 1999: 146]. Analysing the global environment is therefore not just a step in the rational process of strategic planning, but an interactive process that will impact on all the components of the strategic planning process.

The national environmental assumption is based on the fact that the national environment of each national destination will be unique and dynamic and will therefore, like the international environment, influence the strategic process of that destination in a unique and dynamic way. National influences are normally categorised as political, economic, socio-cultural, technological, ecological and legal. The national government for example will influence this process on a continuous basis with decision-making that will influence the success of the national tourism destination.

b]   *Components of the framework*

[i]   International competitive assessment

The purpose of the international competitive assessment is to provide valuable competitive information to the destination that will create strategic knowledge and on which strategic decision-making can be based. This is achieved by:

❑ Comparing the destination's natural resources and factor conditions with that of their main competitors and world class conditions to ascertain the comparative and competitive advantages of the destination;

❑ Analysing the present and future international market segments and identifying success factors within these segments;

❑ Identifying international success factors that can be used as benchmarks;

❑ Analysing competitors to evaluate and identify the competitive strengths of the destination.

[ii]   Destination strategic direction and positioning

Destination strategic direction and positioning describes the overall strategic direction of the destination within the context of international competitive demands as well as local stakeholder demands and capability constraints. The outcomes of this step could include shared vision, strategic position, strategic capability and critical success factors.

[iii]   Strategic integration

The strategic integration phase concentrates on finding ways to identify and integrate critical success factors for the destination in such a way that sustainable competitive advantage can be assured.

4.5   SUMMARY

In this chapter a strategic management model for the identification and integration of critical success factors was developed.

According to Gluck *et al* [1980: 155], the evolution of the strategic management process can be divided into four sequential phases: financial planning, forecast-based planning, externally orientated planning and integrative strategic planning. This study developed a 5th phase, holistic strategic decision-making, based on the most recent thoughts and developments on strategic management. This shows that strategy making is no longer an isolated process conducted by top management only, but on the contrary, is an integrated, holistic process that involves strategic analysis, integration, learning and thinking at all levels of the organisation. The literature further indicates that there are direct linkages between the identification of critical success factors and the strategic formulation process and that critical success factors could assist in strategic assessment as well as strategy formulation.

In developing a strategic management model for tourism destinations, it was found that by far the most comprehensive destination planning model that has been developed previously is that of Crouch and Ritchie [2000]. The last part of the chapter proposes a strategic management model for identifying and integrating critical success factors in tourism destinations based on the literature study done in this chapter. Three assumptions are important in supporting the model: international destination competitiveness, the influence of the international environment and the influence of the national environment. The model consists of three main components: the international competitive assessment; destination strategic direction and positioning and critical success factor identification and integration. The identified components will serve as a directive for the following chapters in which they will be critically analysed and developed.

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