

## **CHAPTER 3: METHODOLOGY**

### **3.1 INTRODUCTION**

Three main research objectives are covered with this study, namely:

To investigate the extent to which strategic planning and implementation principles and concepts of strategic management are used within the hotel industry in South Africa.

To investigate the challenges and barriers faced by management in the processes of moving from strategic planning to strategy implementation and the supporting facets of coordination and control.

To develop a conceptual and practical model based on empirical research findings that could be used by the South African hotel industry as a strategic management framework that is conducive to the processes of strategic planning, implementation, coordination and control.

This chapter provides a discussion of the methods employed to conduct the research.

### **3.2 THE DATA GATHERING PROCESSES**

The researcher utilised both qualitative and quantitative data gathering techniques. A three-phase process for data gathering was used.

The first phase of the study involved five in-depth interviews with CEO's that are responsible for managing a range of star rated hotels. This phase contributed in understanding the extent that strategic planning takes place within hotels and the impeding factors of strategy implementation. The in-depth discussions also focused on the processes and tools employed during strategy implementation control. The findings are used as input for the initial defining and development of a conceptual and practical model.

A second phase of the research involved the gathering of quantitative data by means of a structured questionnaire from a sample of three to five star rated hotel managers from top and middle management level. This phase aimed to gather quantitative data to support and expand on the findings from the first phase. Similar aspects as covered during phase 1 were addressed and include:

- Extent of strategic planning in hotels
- Confirmation of impeding factors in strategy implementation as identified from the literature review and in-depth interviews during phase one
- Identify processes employed in strategy control.

The third phase of the research involved a focus group discussion with hotel executives and managers. The discussions focussed on the newly developed model. Aspects that were discussed included ease of understanding, practicality and the covering of key components in the implementation process. The potential for the conversion of the model into a practical score card or monitoring instrument were also discussed.

The rationale behind the choice of employing qualitative methods is that such research methods allow respondents to provide descriptive information about their thoughts and feelings. Since the research problem and objectives require a good understanding of the problem and actionable solutions, a

combination of qualitative and quantitative research method is regarded as more appropriate for this study by the researcher.

More so, the questionnaire data collection methods used enabled the researcher to quantify responses and views. This also helped to minimise researcher's own bias while enhancing efficiency in the analysis of complex information. In this context, reliability will be high.

In summary, the selection of a combination of qualitative and quantitative research methodology is imperative for the generation of solutions that are suitable, practical and able to contribute to the field of strategic management.

### **3.3 INSTRUMENTS FOR DATA COLLECTION**

Using the findings from the literature review as input, a discussion guide was developed for use during the in-depth interviews. Refer to Annexure A for a copy of the discussion guide used. The same discussion guide was used throughout the in-depth interviews in order to ascertain uniformity towards the data gathering process. Interviews were recorded for analysis purposes.

The discussion guide consisted of four sections. The first section of the discussion probed participants about the star rating of the hotel, size of hotel (number of rooms and staff), and years in operation. Section two dealt with issues around strategic planning, section three about strategy implementation and section four about strategic control.

For phase two, a questionnaire was used as a data gathering instrument. The questionnaire consisted of both multiple choice and open-ended questions. Refer to Annexure B for a copy of the questionnaire. A structured question provides predefined categories from which respondents are requested to make relevant selections. In some instances only one selection per question

is allowed, for example gender profile or rating of items. Other questions allowed for selection of two or more options. The open-ended questions did not limit responses but provided a frame of reference for respondents to provide feedback in an open-ended question format.

From the completion of the questionnaire, two types of data were produced, namely nominal and ordinal data. The ordinal data was gathered by means of the rating of predefined items using a 5-point Likert rating scale. Lower values represent negative perceptions, unimportance or ineffectiveness, while higher values represent positive perceptions, importance or effectiveness.

The questionnaire consisted of five sections. The first section captured respondents demographic characteristics namely position in the company and educational level. Section two captured the hotel's demographic details including star rating, number staff employed, and number of rooms. Section three to five dealt with issues pertaining to strategic planning, strategy implementation (including impeders of implementation) and strategic control.

For the last phase, a discussion guide was used to probe group members on ease of understanding, practicality and covering of key actions and issues in the model.

### **3.4 SAMPLING**

The population for the study included all three to five star rated hotels operating within South Africa. These included independent hotels as well as local and internationally affiliated hotel chains.

For the first phase of the research, in-depth interviews were conducted with CEO's/Directors that are responsible for managing a range of star rated hotels. The selection of hotels included in the sample frame for the first phase was based on a non-probability convenient selection method. Given the data

collection method being qualitative of nature, data saturation was achieved after five in-depth interviews. The answers and themes coming through from all five interviews were very similar in nature, which indicated to the researcher theoretical data saturation was achieved. In other words no new, different or relevant data emerged during these interviews.

For the second phase of the study, a list of three to five star rated hotels operating in South Africa was compiled and used for the drawing of the sample. For the compiling of the list, the website of The South African Tourism Grading Council was utilised ([www.tourismgrading.co.za](http://www.tourismgrading.co.za)). At the time of the study the website listed 509 three to five star rated hotels in South Africa on their database. The distribution of hotels by star rating is shown in table 3.1:

**Table 3.1: Number of star rated hotels listed on the South African Tourism Grading Council website vs. target sample vs. actual sample**

Rating	Population		Target sample		Actual sample realised	
	n	%	n	%	n	%
3-star	278	55%	112	56%	29	48%
4-star	167	33%	64	32%	19	31%
5-star	64	13%	24	12%	13	21%
<b>Total</b>	<b>509</b>	<b>100%</b>	<b>200</b>	<b>100%</b>	<b>61</b>	<b>100%</b>

A total of 200 hotels were drawn randomly from the database. This ensured that each entry had an equal chance of inclusion into the sample targeted for data gathering. The selection procedure also produced a target sample that was similar to the actual percentage distribution of hotels across star rating. In other words, the researcher aimed to produce a sample that is representative of the population characteristics pertaining to star rating.

Self-completion questionnaires were distributed electronically to hotel managers via e-mail. In order to increase the response rate, the questionnaire was designed in HTML code, which provides a user-friendly interface for respondents to complete and submit the questionnaire via e-mail. Of the 200 questionnaires sent out, 27 valid questionnaires were received back. In order to increase the sample size, questionnaires were distributed electronically for a second round. Respondents were also contacted by telephone and requested to complete questionnaires. This yielded an additional 34 completed questionnaires, bringing the total to 61 valid questionnaires. This represents a response rate of 31%.

Given the realised sample, the following formula was used to calculate the sampling error (Israel, 2003:4). A 95% confidence level is assumed for the equation.

$$n = \frac{N}{1 + N(d)^2}$$

where  $N$  = population size  
 $n$  = sample size  
 $d$  = level of accuracy

With a sample of 61 out of a total population of 509, the sampling error is approximately 12%. Given the randomised sampling method and internal consistency of the data, the researcher is confident that the data is a valid representation of the population.

### 3.5 DATA PREPARATION AND ANALYSIS

The responses obtained from the in-depth interviews were analysed using steps proposed by Morse (1994:23-43)), namely comprehension, synthesising, theorising and re-contextualising (Hussey and Hussey, 1997:256). All interviews were recorded to be used for analysis of discussions.

Comprehending involves acquiring a comprehensive understanding of the setting and study topic before the research commences. The literature review encapsulates this step. Next a synthesis of the main themes and concepts emerging from the in-depth interviews were made. The main sections and questions assisted in demarcating main themes and concepts. The next step was to link themes to the theory and literature. Lastly, a generalisation of the findings was made.

For phase two, responses obtained from the electronic submission of completed questionnaires were downloaded into a database. The data was henceforth exported to SPSS for Windows, a statistical software package.

The data analysis followed a three step-process. During the first phase, one-way frequency tables were produced. Frequency tables provide a distribution of the responses obtained from categorised variables. Examining frequency tables provide a way of establishing the general direction of respondent's agreement or perception being either positive or negative. With questions where respondents rated items using a 5-point Likert scale, only the two most positive categories are reported. These proportions mostly represent those respondents that rated an item or aspect for example as being effective to very effective. Furthermore the proportions provided meaningful statistics to highlight variation in the data between items and groups.

A second level of analysis involved the construction of basic cross-tabulations in order to examine observed differences between independent categorised groups of respondents or cases. Variables that were used for comparison of independent groups include the star rating of the hotel, structure of the hotel (chain and independent), and size of the hotel based on number of employees. The categorising of the sample relating to the number of rooms and permanent staff were based on an approximate 50 percentile split. This allowed for the two sub-samples to be almost of equal size. Results pertaining to the sample characteristics are presented in section 4.2.2.

The third level of analysis involved correlation analysis. Correlation coefficients provide a measure of the linear relationship between two quantitative variables. Due to the measurement scale of questions under consideration being ordinal, Spearman's rank order correlation coefficients were calculated to measure the association between statements. The Spearman's rank order correlation coefficient is a nonparametric version of the Pearson correlation coefficient, based on the ranks of the data rather than the actual values. It is appropriate for ordinal data (Norušis, 1993:215). The coefficients range in value from  $-1$  (a perfect negative relationship) and  $+1$  (a perfect positive relationship). A value of 0 indicates no linear relationship.

Responses obtained from open questions were analysed using content analysis as data reduction technique. Responses were reviewed and grouped according to specific themes that emerged. Specific codes were assigned to themes. This allowed for a rough quantification of themes emerging from the data. The use of content analysis also guarded against the selective perception of the content, providing some framework for the rigorous application of reliability and validity criteria. The assistance of a statistician was used during the data analysis phase.

### 3.6 RELIABILITY, VALIDITY AND GENERALISATION

A number of authors have noted definitions pertaining to reliability in research. Hussey and Hussey (1997:57) for example noted that reliability is concerned with the findings of the research. Hair *et al* (1998:3) defined reliability as the extent to which a set of variables is consistent in what it intends to measure. Neuman (2000:164) also referred to the consistency aspect in the data noting that reliability refers to dependability or consistency. McDaniel and Gates (2001:256) stated it more specifically by noting that internal consistency reliability assesses the ability to produce similar survey results using different samples to measure a phenomenon during the same time period. Churchill (1979:260) refers to the ability to produce similar survey results using different samples as data stability. In other words, the findings can be said to be reliable if the study is replicated and the same results is obtained. In order to establish internal consistency of the quantitative data gathered during phase two of the research, the original sample ( $n = 61$ ) was split into two random sub-samples of approximate equal size. Firstly, the distributions of demographic data were tested for significant differences, using non-parametric tests such as the Chi-square Test of Independence. Failure to reject the null-hypothesis, suggested that the two sub-samples came from the same population group. Secondly, a random testing of ordinal data for significant differences between the two sub-samples was also done. The Mann-Whitney U samples test was used to test for significant differences. Failure to reject the null-hypothesis, suggested that the two sub-samples yielded similar results. The above stated tests confirm that there is a high level of confidence in internal consistency which implies that if other research is conducted using the same sample and methodology it will yield the similar results. Based on these findings the possibility of generalisation or extrapolation exists. Refer to Annexure D for statistical output from SPSS.

Table 3.2 shows a summary of the results from the non-parametric tests. Significance values of more than 0.05 suggests that the null hypothesis, which states no difference or independence, cannot be rejected in favour of the alternative. The results showed that in none of the tests, the null hypothesis could be rejected as they all exceeded the 0.05 significance value, confirming internal consistency of the data and in the context of this study serves as an indicator for the validation for reliability and generalisation.

**Table 3.2: Statistical confirmation of internal consistency reliability**

<b>Independent variable:</b> Random split			
<b>Dependent variable</b>	<b>Test</b>	<b>Sign.</b>	<b>Reject H0</b>
Hotel structure (v3)	Pearson Chi-square	0.951	No
Star rating (v5)	Pearson Chi-square	0.433	No
Number of rooms (v4.1)	Pearson Chi-square	0.176	No
Strategic planning (v7.1)	Mann-Whitney U	0.130	No
Implementation (v7.2)	Mann-Whitney U	0.518	No
Support (v7.3)	Mann-Whitney U	0.292	No
Control (v7.4)	Mann-Whitney U	0.339	No

The reliability for this study was furthermore enhanced through the gathering of data from different groups (executive, middle and lower management) using a combination of qualitative and quantitative techniques. Creswell (2005:58) referred to this process as triangulation, which involves corroborating evidence from individuals through different methods in order to enhance the accuracy of the study.

While reliability is concerned with the consistency of the data, validity reflects the accuracy in the measurement (Hussey and Hussey, 1997:57). Hussey and Hussey (1997:57) noted that research errors, poor samples and misleading measurement could undermine validity. The researcher has therefore aimed to address these aspects using sound research procedures during the sampling process as well during the design of the data gathering

instruments. The literature review provided insight into the formulation of specific items that needed to be measured as well possible constructs that could emerge from the data. Hussey and Hussey (1997:58) refer to this as construct validity. Lastly, pilot interviews were also conducted to test the instruments and ascertain a common understanding of concepts and questions.

Generalisation can be defined as the extent to which a researcher can come to conclusion about one thing (often a population) based on the information gathered about another (often a sample) (Hussey and Hussey, 1997:58). The drawing of a representative sample representing the population enhances the generalisation of findings to the population under consideration.

### **3.7 LIMITATIONS**

Due to the small sample size that were realised in phase two ( $n = 61$ ), testing for significant differences in the proportional distribution of data of sub-sample or independent groups were very limited. In fact, Chi-square tests of independence were performed on the data obtained from key questions. The Chi-square test is considered appropriate for nonparametric data. Furthermore, because of small and unevenly dispersed sub-samples, Fisher's exact significance values were calculated. Exact tests were specifically developed for use in small or unevenly dispersed sub-samples where  $n < 30$  (Mehta and Patel, 1996:4).

### **3.8 SUMMARY**

This chapter documented the research methodology followed during the study. Both qualitative and quantitative methods were employed for data gathering. The first phase involved five in-depth interviews with executives from three to five star rated hotels. A second phase involved the completion of a structured

questionnaire from a sample of three to five star rated hotel managers. The questionnaire was distributed electronically and a total of 61 valid questionnaires were received back. This represents a response rate of about 31% from a random selection of 200 hotels out of an estimated population of 509 three to five star hotels. The data from both the first two phases were analysed and a draft conceptual and practical model developed, which is presented in chapter six. The models aim is to assist practitioners in the hotel industry move from strategic planning to strategic management. The last phase of the research involved in-depth discussions with both executives and managers to evaluate the practicality of the model. After discussions in the focus group the draft model was modified to incorporate these practical suggestions and a final model was conceptualised, which is also presented chapter six.

The chapter also addressed aspects relating to reliability, validity and generalisation of results.

## CHAPTER 4: RESULTS

### 4.1 INTRODUCTION

This study was initiated due to the need to address the gap between strategic planning and strategy implementation within the South African hotel industry. Three objectives were set for the study. Firstly, to investigate the extent to which strategic planning and implementation principles and concepts of strategic management are used within the hotel industry in South Africa. Secondly, to investigate the challenges and barriers faced by management in the process of moving from strategic planning to strategy implementation and the supporting facets of coordination and control. Thirdly, the researcher aimed to develop a conceptual and practical strategy implementation model that could be used by managers and other professionals within the South African hotel industry. The first two objectives are addressed in part by insights gained from the literature review as discussed in chapter two. Furthermore, the objectives are addressed by empirical research that was conducted amongst executives in the South African hotel industry. This chapter reports on the results and findings from the empirical research.

Using the insights gained from the literature review and the findings from the empirical research, the third research objective was addressed, namely the development of a conceptual and practical strategy implementation model for the South African hotel industry. The intention of the strategic management framework is to serve as a tool that is conducive to the processes of strategic planning, strategy implementation, coordination and control. The final model is presented and discussed in chapter six.

Section 4.2 describes the characteristics of the samples from which data was gathered during phase one (qualitative research) and two (quantitative research) of the empirical investigation. Section 4.3 presents the results and the findings from the investigation. The last section of the chapter provides a summary of the main findings.

## **4.2 SAMPLE DESCRIPTION**

### **4.2.1 Phase one: Qualitative research**

The first phase of the study involved five in-depth interviews with Chief Executive Officers (CEO's) that are responsible for managing a range of star rated hotels. The CEO's were selected based on their executive management profile and exposure to strategy development and implementation within their respective hotel groups. Three of the CEO's are responsible for managing hotels in South Africa that form part of three different international chains of hotel groups. The other two CEO's manages two groups of hotels in South Africa, with each hotel independently branded. The hotels under management mostly have three, four and five star ratings. The combined total of all rooms under management exceeded 2000. The CEO's indicated that most of the hotels managed by them are considered new with the majority of hotels only been developed or newly refurbished after 2000. In support of this, four of the CEO's also indicated that they would describe their respective organisational life cycles as being in a growth phase. Only one CEO indicated that his organisation could be classified as being in a mature stage.

### **4.2.2 Phase two: Quantitative research**

A second phase of the research-involved gathering of quantitative data by means of a questionnaire from a sample of three to five star rated hotel

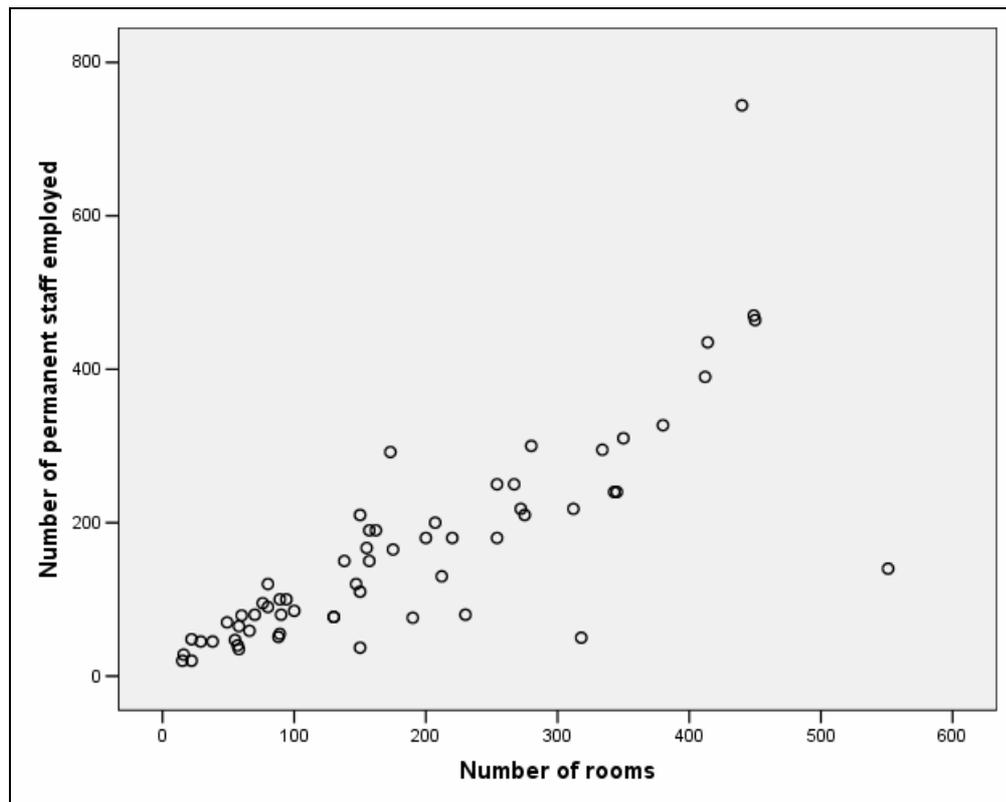
managers from top and middle management level. The data from 61 completed questionnaires were captured and analysed.

Table 4.1 shows a summary of the sample characteristics pertaining to, the position of the respondent in the company, their highest educational level achieved, the star rating of the hotel, hotel structure and size of the hotel (number of rooms and permanent staff). The cut off points for number of rooms and permanent staff were based on an approximate 50 percentile split of the total sample.

**Table 4.1: Phase two sample characteristics**

	n	%
<b>Position in company</b>		
Managing Director	10	16%
Senior Executive	21	35%
Middle Management	10	16%
General Management	20	33%
<b>Highest educational level achieved</b>		
Matric/Grade 12	5	8%
Diploma	27	45%
Bachelors degree	19	31%
Post graduate	10	16%
<b>Rating</b>		
3-star	29	48%
4-star	19	31%
5-star	13	21%
<b>Hotel structure</b>		
Chain	45	74%
Independent	16	26%
<b>Number of rooms</b>		
1 - 150	30	49%
150+	31	51%
<b>Number of permanent staff</b>		
1 - 150	31	51%
150+	30	49%

Of the 61 respondents, 31 (51%) were classified as being in a top management position, in other words Managing Directors or Senior Executives. Only five respondents (8%) indicated they do not have any post-matric qualifications. Twenty-nine (48%) of the respondents indicated they work at a hotel with a three star rating, 19 (31%) at a hotel with a four star rating and 13 (21%) at a hotel with a five star rating. The majority of hotels (74%) under consideration are also part of a national and international group of hotels. Looking at the ranking of hotels based on number of rooms, it is evident that about half of the hotels included in the sample have up to 150 rooms (49%). Similarly, a ranking of hotels based on number of permanent staff shows that about half of the hotels included in the sample have up to 150 permanent staff (51%). Figure 4.1 shows a scatter plot of number of permanent staff by number of rooms. Inspection of the scatter plot reveals that a positive linear correlation exists between the two variables. In other words, hotels with more rooms have a stronger probability of having a higher number of permanent staff. The strength of the linear relationship between the two variables, as measured by the Pearson's correlation coefficient, is 0.79. Correlation coefficients close to 1 are indicative of a strong positive linear relationship between two variables, whereas values close to -1 are indicative of a strong negative linear relationship between two variables. Correlation coefficients close to 0.5 or -0.5 might still be regarded as significant (in other words indicative of positive or negative correlation), but the strength of the relationship is considered mediocre or average. Values close to 0 might not be significant and is therefore indicative of the existence of no linear correlation between the two variables.



**Figure 4.1: Scatter plot of number of permanent staff by number of rooms**

A comparison of the sample characteristics of chain-operated hotels versus independent operated hotels included in the sample is shown in table 4.2. The null-hypotheses of independence between two variables were tested using the Chi-square test of independence. A probability value (p-value) less than 0.05 suggests that the null-hypothesis cannot be accepted and should therefore be rejected in favour of the alternative. This would then suggest that the two variables are assumed to be dependent, based on a 95% level of confidence.

The results, as presented in table 4.2, show no statistical dependence between star rating and the structure of the hotel ( $p = 0.929$ ). In other words, the star rating of a hotel does not seem to be dependent on its structure. However, the results show a statistical dependence between hotel structure and number of rooms ( $p = 0.021$ ) and full time employees ( $p = 0.008$ ). In

other words, the structure of the hotel seems to be dependent on its size. More specifically, the average chain-operated hotel surveyed has 173 rooms compared to the average independent hotel surveyed with 82 rooms. Similarly, the average chain-operated hotel surveyed has 167 permanent staff employed compared to the average independent hotel with 53 permanent staff.

**Table 4.2: Comparison of the sample characteristics of chain operated hotels versus independent hotels**

	Structure		<i>p-value</i>
	Chain n = 45	Independent n = 16	
<b>Rating</b>			
3-star	49%	44%	0.929
4-star	31%	31%	
5-star	20%	25%	
<b>Number of rooms</b>			
1 - 150	40%	75%	0.021
150+	60%	25%	
<b>Number of permanent staff</b>			
1 - 150	40%	81%	0.008
150+	60%	19%	

## 4.3 RESULTS REGARDING THE RESEARCH OBJECTIVES

### 4.3.1 The use of strategic planning and implementation principles

The first research objective investigates the extent to which strategic planning and implementation principles and concepts of strategic management are used within the hotel industry in South Africa.

During the in-depth interviews, respondents were asked to indicate what importance is placed by management on the formal processes of strategic planning. All five respondents interviewed acknowledged that it is a very important process. Further enquiry revealed that processes such as operational planning and budgeting stems from the strategic plan. Through strategic planning, executives form a very clear view of what they want and where they want to go.

Strategic planning is also mostly a formal process, as noted during the in-depth discussion, and therefore carries with it a high level of importance in the organisation. One respondent, representing a very small hotel with only 24 suites, remarked that in his case, strategic planning is sometimes less formal and done on an on-going basis. Those respondents representing larger hotels noted that their strategic plans are reviewed mostly on an annual basis and involves executives and managers that specifically get together for a formal session. If necessary, monthly or bi-annual planning meetings also take place. However, these sessions will always take on formal proceedings.

The in-depth interviews revealed that strategic planning is in most cases performed by top and unit management. When prompted about it, four of the five respondents acknowledged that the strategic planning process could be more engaging across all staff levels.

Filtering of strategic intent is also based on a top-to-bottom approach. Strategic intent is communicated mostly to employees at annual general meetings or during road shows.

Table 4.3 shows the results from the second phase and confirms the findings from the in-depth interviews. The majority of respondents (89%) confirmed the involvement of top management in the planning process, followed by unit management (66%) and to a lesser extent middle management (28%). Only a

very small number of respondents indicated that lower management and staff members are also involved (8% and 3% respectively).

**Table 4.3: Involvement in strategic planning sessions**

<b>ALL</b>	
<i>n = 61</i>	
<b>Involvement</b>	
Executive/Top management	<b>89%</b>
Units management	<b>66%</b>
Middle management	<b>28%</b>
Lower management	<b>8%</b>
All staff members	<b>3%</b>

The frequency of formal strategic planning sessions was also confirmed during phase two of the research. Table 4.4 indicates that of the 61 respondents, the majority (68%) indicated that formal strategic planning sessions take place annually. A further 18% indicated that planning is done bi-annually. The remainder of the respondents indicated that strategic planning takes place every two or three years (11% and 3% respectively).

**Table 4.4: Frequency of strategic planning sessions**

<b>ALL</b>	
<i>n = 61</i>	
<b>Frequency</b>	
Yearly	<b>68%</b>
Bi-annually	<b>18%</b>
Every two years	<b>11%</b>
Every three years	<b>3%</b>

It is meaningful to note that although the above result was fairly consistent across different sub-categories of hotels, a slightly higher proportion of chain hotels compared to independent hotels, conduct strategic planning only every

second or third year (17% versus 6%). Independent hotels on the other hand conduct planning sessions more frequently, namely annually or bi-annually (94% compared to 83%). Inspection of results by star rating does not reveal any notable differences. The proportional distribution by hotel structure, star rating and size is presented in table 4.5.

**Table 4.5: Frequency of strategic planning sessions by hotel structure, star rating and size**

	Hotel structure		Star rating			Rooms	
	Chain <i>n</i> = 37	Independent <i>n</i> = 16	3-star <i>n</i> = 29	4-star <i>n</i> = 19	5-star <i>n</i> = 13	1 - 150 <i>n</i> = 30	150+ <i>n</i> = 19
<b>Frequency</b>							
Yearly	63%	81%	70%	68%	62%	74%	61%
Bi-annually	20%	13%	17%	16%	23%	10%	26%
Every two years	13%	6%	10%	11%	15%	13%	10%
Every three years	4%	-	3%	5%	-	3%	3%

With formal strategic planning sessions taking place mostly on an annual basis, respondents were also asked during the first phase to indicate the length of the plan. Two of the respondents indicated that in their respective companies three plans are formulated, one with a short time span (one year), one with a medium time span (three years) and one with a longer time span (five years). The other three respondents indicated that plans are based on one, two and three years respectively. Those respondents involved in hotels that are part of a chain, also confirmed that separate plans are developed for each unit.

Table 4.6 shows the results from phase two pertaining to the time span of the strategic plan. The results suggest that hotels formulate their strategic plans either for the shorter term, namely for one or two year period (45% of cases) or on a longer term (55% of cases).

**Table 4.6: Time span of strategic plan**

		<b>ALL</b> <i>n = 61</i>
<b>Time</b>	One year plan	<b>42%</b>
	Two year plan	<b>3%</b>
	Three year plan	<b>44%</b>
	Five year plan	<b>11%</b>

The proportional distribution across different sub-categories, as presented in table 4.7, some preference is shown by chain-operated hotels to adopt longer strategic planning time frames of three or five years (62% of cases), whereas independent hotels conversely tend to prefer a one or two year plan (62% of cases). This finding is consistent with the frequency of strategic planning sessions, which also showed a tendency of independent hotels to conduct strategic planning sessions more frequently (annually or bi-annually).

**Table 4.7: Time span of strategic plan by hotel structure, star rating and size**

	Hotel structure		Star rating			Rooms	
	Chain	Independ-	3-star	4-star	5-star	1 - 150	150+
	<i>n = 37</i>	<i>n = 16</i>	<i>n = 29</i>	<i>n = 19</i>	<i>n = 13</i>	<i>n = 30</i>	<i>n = 19</i>
<b>Time</b>							
One/two year plan	38%	62%	38%	58%	38%	53%	35%
Five year plan	62%	38%	62%	42%	62%	47%	65%

**Table 4.8: Theoretical tools used for strategic planning**

<b>ALL</b>	
<i>n = 61</i>	
<b>Tools</b>	
SWOT analysis	<b>84%</b>
Customer satisfaction analysis	<b>79%</b>
Value chain analysis	<b>59%</b>
Employee satisfaction analysis	<b>57%</b>
Competitor analysis	<b>34%</b>
Environmental scanning	<b>33%</b>
PEST analysis	<b>31%</b>
Scenario analysis	<b>16%</b>
Five-forces analysis	<b>15%</b>
BCG-Growth Share Matrix	<b>8%</b>
Portfolio analysis	<b>3%</b>
Diamond analysis	<b>2%</b>
PIMS (Profit Impact of Market Strategy)	<b>2%</b>

Table 4.8 shows the proportions of the sample that indicated usage of a particular theoretical tool (or model) to assist with strategic planning.

The tools used mostly to assist with strategic planning include SWOT analysis (84%), customer satisfaction analysis (79%), value chain analysis (59%) and employee satisfaction analysis (57%). Other tools such as competitor analysis (34%), environmental scanning (33%) and PEST analysis (31%) are also used, but to a lesser extent.

**Table 4.9: Proportion of sample that rated strategic planning as effective to very effective by the extent of use of theoretical strategic planning tools**

	ALL	
	Use less than 5 of the theoretical tools <i>n</i> = 36	Use 5 and more of the theoretical tools <i>n</i> = 25
Rated strategic planning as effective to very effective	44%	76%

Table 4.9 shows the proportion of the sample that rated strategic planning as effective to very effective by the extent of use of theoretical strategic planning tools. Of those respondents whom indicated that their companies utilise five or more of the theoretical strategic planning tools, 76% rated their companies strategic planning as effective to very effective. Of those respondents whom indicated that their companies utilise less than five of the theoretical strategic planning tools, only 44% rated their companies strategic planning as effective to very effective. It would therefore seem that a positive relationship exists between the extent of use of theoretical strategic planning models and the effectiveness of strategic planning.

### 4.3.2 Barriers to strategy implementation

The second research objective investigates the challenges and barriers faced by management in the process of moving from strategic planning to strategy implementation and the supporting facets of coordination and control.

Respondents that participated in the in-depth interviews were firstly probed about the importance of strategy implementation in the company. All five participants acknowledged its importance. However, one respondent noted that although important, strategy implementation sometimes takes a back seat

when compared to all the effort that goes into strategic planning. A lot more emphasis is also placed on short-term interventions and gains rather than trying to achieve long-term goals. The respondents also noted that from their experience, strategy implementation in smaller hotels seem to be done more informally, without effective monitoring systems in place to check on progress. Strategic planning on the other hand is done more formally. Other respondents noted that strategy implementation monitoring is sometimes sporadic and of a less formal nature being performed by managers on the floor as part of their day-to-day operational tasks. It should rather be done formally and more routinely. In many instances managers spend most their time solving operational problems and making sure hotel guests - and employees - are satisfied, rather than focussing on implementing the strategic intent of the company. This results in the implementation of strategies being neglected and not given the necessary attention.

When specifically asked if they feel strategy implementation is successfully done in their respective companies, respondents had mixed views. Two of the five respondents remarked that compared to strategic planning, strategy implementation is definitely not on the same intensity. A lot of fuss is made about the planning, but less so about the implementation. The other three respondents were hesitant to acknowledge that strategy implementation is not as effective as it should be, but indicated that it can be improved.

During phase two of the research, respondents were asked to rate the effectiveness of the four main strategic management functions performed in their companies, namely strategic planning, implementation, support and control. A 5-point Likert scale was used where 1 = not at all effective; 2 = not effective; 3 = in-between; 4 = effective; and 5 = very effective. The results are presented in table 4.10. The percentages represent the proportion of respondents that rated the function as effective to very effective.

**Table 4.10: Effectiveness of strategic management functions**

<b>ALL</b>	
<b><i>n = 61</i></b>	
<b>Strategic management functions</b>	
Strategic planning	<b>57%</b>
Implementation	<b>39%</b>
Control	<b>38%</b>
Support	<b>34%</b>

More than half of the 61 respondents (57%) rated the strategic planning within their companies as effective to very effective. However, the other three functions were perceived to be less effective. In fact, only about a third of respondents rated implementation (39%), support (34%) and control (38%) as effective. This leaves more than 60% of respondents that perceived these functions to be less than effective.

Inspection of the ratings given by different sub-categories of hotels, as presented in table 4.11, show that chain hotels rated implementation (42%) and support (38%) higher compared to the ratings given by independent hotels (31% and 25% respectively). Independent hotels, on the other hand, seem to exercise slightly more control than chain hotels (44% versus 36%). Larger hotels also seem to be more effective across all four management functions than smaller hotels. This could be attributed to a more formal structure used in management of a larger entity.

Overall, it is evident that implementation, control and support are taking a back seat when it comes to strategic management. These findings confirm the findings of the original pilot study and the perception of the author.

**Table 4.11: Effectiveness of strategic management functions by hotel structure, star rating and size**

Strategic management functions	Hotel structure		Star rating			Rooms	
	Chain	Independent	3-star	4-star	5-star	1 - 150	150+
	<i>n</i> = 37	<i>n</i> = 16	<i>n</i> = 29	<i>n</i> = 19	<i>n</i> = 13	<i>n</i> = 30	<i>n</i> = 19
Strategic planning	58%	56%	62%	47%	62%	53%	61%
Implementation	42%	31%	38%	37%	46%	37%	42%
Control	36%	44%	34%	37%	46%	33%	42%
Support	38%	25%	38%	37%	23%	30%	39%

Further analysis revealed that significant positive linear correlations exist between all four of the strategic management functions. Due the rating of the four variables being of an ordinal nature, Spearman's rank order correlation coefficients were calculated. The correlation coefficients are interpreted similar to Pearson's correlation coefficients. The results are presented in table 4.12. The researcher is of the opinion that the correlations confirm that effectiveness in one function has some influence on the effectiveness of other functions.

**Table 4.12: Correlation between strategic management functions (n = 61)**

	Strategic planning	Implementation	Support	Control
Strategic planning	1.00			
Implementation	0.30*	1.00		
Support	0.45**	0.48**	1.00	
Control	0.34**	0.48**	0.52**	1.00

\* Significant at 0.05 level of significance  
\*\* Significant at 0.01 level of significance

Focussing on the specific processes involving strategy implementation, namely communication, interpretation, adoption and action, respondents were

asked during the in-depth interviews to indicate which one of the four strategy implementation processes they see as the biggest challenge. Three of the five respondents noted that of the four functions, adoption seems to be the biggest challenge in their companies. In other words, strategies are formulated but there is not always the necessary buy-in from employees, in part because communicating of the strategic intent fails. The other two respondents addressed this particular issue, noting that it is not the adoption process itself that is the challenge but rather the actual communication of the company’s strategic intent.

Table 4.13 shows the results from phase two, where respondents were asked to rate the effectiveness of the above-mentioned four processes within their respective companies. The percentages represent those proportions of respondents that rated the processes as effective to very effective. Respondents were more critical about these four processes compared to the overall strategic management processes as reported in table 4.9, with smaller proportion of respondents having rated the processes as effective. Only about one in four respondents perceived these processes to be effective, meaning that about 75% of respondents felt the processes to be less than effective.

**Table 4.13: Effectiveness of strategy implementation processes**

<b>ALL</b>	
<b><i>n = 61</i></b>	
<b>Strategy implementation processes</b>	
Action	<b>28%</b>
Communication	<b>26%</b>
Adoption	<b>26%</b>
Interpretation	<b>25%</b>

Table 4.14 shows the results split by different sub-categories of hotels. Inspection of the proportions suggests that contrary to larger hotels perceiving

to be consistently rated more effective across the four overall management functions as presented in table 4.10, they seem to be less effective than smaller hotels when it comes to specific strategy implementation processes. Of the four processes, communication was rated least effective in larger hotels (19%) but more effective in smaller hotels (33%). Independent hotels compared to chain hotels also seem to be less effective in communication (19% versus 29%), yet more effective in interpretation (31% versus 22%).

**Table 4.14: Effectiveness of strategy implementation processes by hotel structure, star rating and size**

Strategy implementation processes	Hotel structure		Star rating			Rooms	
	Chain <i>n = 37</i>	Independent <i>n = 16</i>	3-star <i>n = 29</i>	4-star <i>n = 19</i>	5-star <i>n = 13</i>	1 - 150 <i>n = 30</i>	150+ <i>n = 19</i>
Action	29%	25%	24%	32%	31%	30%	26%
Communication	29%	19%	21%	32%	31%	33%	19%
Adoption	27%	25%	24%	32%	23%	30%	23%
Interpretation	22%	31%	28%	16%	31%	27%	23%

Although not strong, the results from a correlation analysis again suggest an existence of an underlying causal relationship between the various implementation processes. Table 4.15 shows the Spearman's correlation coefficients between the four variables. The results suggest that effective communication and interpretation of the strategic intent of a company lead in part to the adoption of the strategic intent. Similarly, action is driven in part by the successful adoption of strategy by employees.

**Table 4.15: Correlation between strategy implementation processes (n = 61)**

	Communi- cation	Interpre- tation	Adoption	Action
Communication	1.00			
Interpretation	0.26*	1.00		
Adoption	0.31*	0.40**	1.00	
Action	0.19	0.39**	0.43**	1.00

\* Significant at 0.05 level of significance  
\*\* Significant at 0.01 level of significance

When probed about the four processes during the in-depth interviews, respondents mentioned a number of reasons for processes not being as effective as it should be. The reasons mentioned, are:

- Alignment of strategies seems to be a problem area, which makes communication difficult and confusing. Employees need to know what strategies are important and which are not.
- Some employees resist change, which hampers the adoption process.
- Time limitations hamper strategy implementation. The market environment changes quickly and the time frame from strategy formulation to strategy implementation puts a lot of pressure on employees. One respondent noted that strategic planning is done mostly by executive management but strategy implementation is the job of managers and staff. They might not always see the bigger picture to implement strategy quickly.
- There might be more than one strategy to implement, which competes for the same human and monetary resources.
- Not easy to get buy-in from all employees.
- A big problem is the lack of effectively communicating the strategic intent. The strategies need to be understood by all and only then can they buy-in. Respondents also remarked that employees have varied

management and operational capabilities and this makes that not all are on the level.

- A lack of consensus about the importance of the strategic plans.
- Lack of bottom up involvement in crafting strategy creates problems when it comes to supporting and implementing of strategies.
- Lastly, monitoring is a problem. In some instances there is no follow-up by top management to see if strategies have been implemented successfully.

One of the key success factors for strategy implementation that were repeatedly acknowledged by respondents during the in-depth interviews is the engaging of employees during strategy development. This involvement might allow employees to feel part of the process and, hopefully, will more easily bridge the gap between communicating and adopting of strategies.

Table 4.16 shows a ranking of unprompted responses by respondents from phase two noting the barriers of strategy implementation. Lack of communication and understanding of the strategic intent were mentioned most of the respondents as a key barrier to strategy implementation. A second key barrier mentioned is time limitations and setting of achievable interim goals. A third barrier mentioned is the lack of support and commitment from employees. A number of respondents did not make any comments and could in part be the lack of understanding of the question itself and because of the question structure being open-ended in nature and not compulsory to answer.

**Table 4.16: Barriers of strategy implementation (unprompted responses)**

<b>ALL</b>	
<b>n = 25</b>	
<b>Key barriers (unprompted)</b>	
Communication/Understanding of strategic intent/Buy-in	<b>76%</b>
Time limitations/Setting achievable interim goals	<b>56%</b>
Lack of support (commitment)	<b>36%</b>
Adapting to changing markets (understanding & anticipating)	<b>24%</b>
Lack of resources (implementation structure)	<b>16%</b>
Poor planning	<b>16%</b>
Lack of strategic input from all levels	<b>12%</b>
Lack of flexibility (too strict implementation rules)	<b>8%</b>
Lack of monitoring	<b>4%</b>

Respondents were further requested during the second phase of the research, to rate the capabilities of their company’s executive management with regard to a number of aspects, which were identified during the literature review and in-depth interviews as key success factors in strategy implementation. Table 4.17 shows the proportion of respondents that rated capabilities as high to very high.

**Table 4.17: Rating of executive management’s capabilities**

<b>ALL</b>	
<b>n = 61</b>	
<b>Executive management's capabilities</b>	
Understanding the dynamics of the hotel industry	<b>67%</b>
Strategic planning and formulation capabilities	<b>59%</b>
Keeping up-to-date on market & consumer changes	<b>59%</b>
Market analysis capabilities	<b>56%</b>
Provides feedback on strategically important issues	<b>44%</b>
Giving regular feedback on strategic achievements	<b>38%</b>
Ability to translate strategy into action	<b>38%</b>
Monitoring strategy execution	<b>36%</b>
Measuring strategy implementation effectiveness	<b>36%</b>
Involving all levels in strategic planning	<b>33%</b>
Strategy implementation	<b>28%</b>

Management's capabilities relating to the understanding of industry dynamics (67%), strategic planning (59%), keeping up-to-date on market and consumer changes (59%) and market analysis (56%) were all rated by more than half of the respondents as high to very high. On the other hand, capabilities relating to strategy implementation (28%), involving of all levels in strategic planning (33%), the measuring of strategy implementation effectiveness (36%), monitoring of strategy execution (36%), ability to translate strategy into action (38%) and giving regular feedback (38%) were rated high to very high by less than half of respondents. It is meaningful to note that all of these capabilities were identified during some stage of the in-depth interviews as key success factors for strategy implementation.

The ranking of capabilities again provide evidence that strategy implementation and the monitoring thereof seem to be a problem area within the hotel industry.

Based on findings from the literature, 33 impeders were listed and respondents requested to rate the extent to which each impeder hampers strategy implementation. It should be noted that this question aimed to address the extent or impact of a particular impeder and not to measure necessarily the prevalence thereof. However, the researcher is of the opinion that higher prevalence of certain impeders aggravates the impact and is therefore a product of the other. Furthermore, from the literature it could be deduced that impeders are often inter-linked. For example, resistance to change can be an outcome of amongst other poor communication, lack of involving all levels in strategic planning processes, top-down management styles, lack of understanding of the strategy and lack of strategy adoption.

Table 4.18 presents the proportional distribution of ratings. The last column also shows the proportion of respondents that felt an impeder to have a moderate to large impact.

**Table 4.18: Barriers of strategy implementation (prompted evaluation)**

Factors	Impact Level				Have moderate to large impact	
	Not at all	To a little extent	To some extent	To a large extent		
Lack of understanding of the strategy	0%	10%	57%	30%	3%	90%
Adoption of strategic intentions	0%	10%	70%	20%	0%	90%
Lack of synchronising strategy implementation to market rhythm	2%	8%	52%	30%	8%	90%
Resistance to change among people/units	0%	15%	31%	46%	8%	85%
Interpretation of strategic intentions	2%	15%	64%	20%	0%	84%
Action of strategic intentions	0%	20%	51%	28%	2%	80%
Lack of adequate communication (vertical and horizontal)	3%	16%	52%	25%	3%	80%
Lack of swift implementation	0%	21%	36%	36%	7%	79%
Communication of strategic intentions	2%	20%	66%	13%	0%	79%
Lack of effective co-ordination	0%	23%	57%	18%	2%	77%
Time limitation	7%	20%	38%	28%	8%	74%
Lack of enough capabilities/skills of employees	0%	28%	46%	21%	5%	72%
Too many and conflicting priorities	0%	31%	34%	21%	13%	69%
Lack of bottom up involvement in crafting strategy	0%	31%	33%	25%	11%	69%
Uncontrollable external factors	3%	30%	64%	2%	2%	67%
Lack of adequate manager commitment	2%	33%	49%	10%	7%	66%
Unsuitable resources allocation	0%	36%	44%	16%	3%	64%
Unsuitable evaluation and control systems	3%	33%	46%	18%	0%	64%
Top down management style	0%	39%	38%	20%	3%	61%
Incompatible structure with the strategy	3%	38%	39%	18%	2%	59%
Uncontrollable internal factors	5%	36%	52%	5%	2%	59%
Lack of adequate organisational support	2%	43%	46%	7%	3%	56%
Competing activities among people/units	7%	38%	34%	21%	0%	56%
Unsuitable personnel management	2%	44%	43%	8%	3%	54%
Lack of identification of major problems	2%	44%	38%	15%	2%	54%
Unanticipated market changes	3%	44%	43%	10%	0%	52%
Lack of exact strategic planning	3%	46%	30%	20%	2%	51%
Incompatible organisational culture	5%	48%	30%	13%	5%	48%
Insufficient linking of strategy to goals	7%	46%	36%	8%	3%	48%
Lack of consensus among decision makers	11%	41%	38%	7%	3%	48%
Unsuitable leadership	7%	49%	34%	10%	0%	44%
Bad strategy - poorly conceived business models	11%	56%	26%	7%	0%	33%
Effective competitor response to strategy	16%	59%	21%	3%	0%	25%

The first important aspect to note from the evaluation of impiders is that overall, the majority of respondents felt the impiders to have an impact, even if only to a little extent. Secondly, the results show that some impiders are definitely considered to have a bigger impact than others. Of the 33 impiders evaluated, 12 were rated by at least 70% of respondents as having a moderate to large effect on strategy implementation.

In order to overcome barriers of strategy implementation, respondents noted during the in-depth interviews that staff members need to be motivated and engaged in all processes of strategic management. Employees should also get regular feedback and performance appraisals. Each employee should know what is expected of him. There should also be some level of flexibility when it comes to strategy implementation. Working as a team with correct alignment is a must if a company wants to execute strategic plans. A lot of this boils down to the attitudes of workers. Resistance to change is also the result of employees feeling insecure about the strategic intent of the company. Communication and participation is thus two of the most important pillars of making sure employees understand and adopt the formulated strategies. All these assist the process of moving from strategic planning to strategy implementation.

During phase two of the research, respondents were asked to indicate, firstly, the importance of executive management processes and secondly, to rate their effectiveness. Table 4.19 shows the proportion of respondents that rated the processes as effective to very effective. The results show that all five processes are regarded as almost equally important. Comparing importance ratings to effectiveness ratings it is evident that support (38%) and feedback (33%) were rated observably lower than the other processes. Overall, only about half of respondents felt the processes to be effective.

**Table 4.19: Importance and effectiveness of executive management processes**

Executive management processes	ALL	
	Importance <i>n</i> = 61	Effectiveness <i>n</i> = 61
Control	52%	49%
Strategic coordination	51%	48%
Follow-up	51%	46%
Support	49%	38%
Feedback	49%	33%

Table 4.20 provides the results from the correlation analysis. The results confirm the underlying relationships that exist between the executive management processes. Effective control impacts on the outcomes associated with strategic coordination, follow-up, feedback and support.

**Table 4.20: Correlation between executive management processes (n = 61)**

	Strategic coordination	Support	Control	Follow-up	Feedback
Strategic coordination	1.00				
Support	0.63**	1.00			
Control	0.57**	0.71**	1.00		
Follow-up	0.42**	0.66**	0.65**	1.00	
Feedback	0.32*	0.62**	0.51**	0.73**	1.00

\* Significant at 0.05 level of significance  
\*\* Significant at 0.01 level of significance

Respondents were also asked to indicate what processes their companies employ to monitor strategy. Responses were only received from 10 out of the 61 respondents. This could be attributed to the lack of formalised implementation plans and controls and respondents might have chosen not to respond as this question would have limited applicability to themselves. Four respondents noted that monitoring is done based on evaluation and progress reports, with another two respondents noting that monitoring is done through regular meetings. The remaining four respondents indicated that no formal monitoring process exists and is done primarily by managers on a day-to-day basis. These results are presented in table 4.21.

**Table 4.21: Processes employed to monitor strategy implementation**

		ALL <i>n = 10</i>
<b>Processes</b>		
Evaluation/progress reports		40%
Non-formal - responsibility of managers		40%
Meetings to review progress		20%

Table 4.22 shows the results from phase two of the research pertaining to the factors hampering strategy control. Only 16 of the 61 respondents commented on the question. Regardless, lack of buy-in, resistance to change and lack of commitment were again mentioned as a hampering factor.

**Table 4.22: Factors hampering strategy control**

		ALL <i>n = 16</i>
<b>Factors</b>		
Lack of buy-in/Resistance to change/Commitment		56%
Regular feedback		25%
Understanding strategic intent		19%
Communication		19%
Incomplete strategy implementation checklist		6%
Strategy control seen as informal process		6%

## 4.4 SUMMARY

The first research objective investigated the extent to which strategic planning and implementation principles and concepts of strategic management are used within the hotel industry in South Africa.

The results showed that respondents regarded both strategic planning and implementation as important processes within the organisation. Strategic planning is, however, regarded more as a formal process, whereas strategy

implementation is sometimes less formal and done on an on-going basis as when time permits. Furthermore, strategic planning is in most cases performed by top and unit management. A lack of involvement from lower levels was identified as a factor that hampers the adoption and understanding of strategy, and ultimately hampers successful strategy implementation. Filtering of strategic intent is thus more a top-to-bottom approach.

Formal strategic planning sessions take place mostly annually or bi-annually. Differences between independent and chain hotels were observed regarding the frequency and time frames of strategic planning.

The results also confirmed that theoretical models are used to assist with strategic planning. The most common tools used are SWOT analysis (83%), customer satisfaction analysis (80%), value chain analysis (60%) and employee satisfaction analysis (58%).

The second research objective investigated the challenges and barriers faced by management in the process of moving from strategic planning to strategy implementation and the supporting facets of coordination and control. The outcome of this research objective will be used as input for the development of a conceptual and practical framework to assist practitioners in the hotel industry move from strategic planning to strategy implementation.

The results confirmed that strategy implementation, support functions and the monitoring of strategy implementation are regarded as less effective than the initial strategic planning process.

A number of factors were identified that hamper the process of moving from strategic planning to strategy formulation. These barriers is incorporated during the development of the conceptual and practical framework as part of the last study objective.

The ten most important barriers noted were:

- Strategy implementation seems to be regarded as a less formal process than strategic planning.
- Lack of understanding of the strategy
- Adoption of strategic intentions
- Lack of synchronising strategy implementation to market rhythm
- Resistance to change among people/units
- Interpretation of strategic intentions
- Action of strategic intentions
- Lack of adequate communication (vertical and horizontal)
- Lack of swift implementation
- Communication of strategic intentions

Chapter five provides a discussion of the results presented in this chapter and links the main findings to findings from the literature.