

## Evaluating the Implementation of Strategic Management Practices in Egyptian Five-Star Hotels: An Exploratory Study

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### Abstract

Proceeding from the challenges and the fierce global competition that have emerged in today's business environment especially in the hotel industry, it was bound to shed light on the subject of strategic management that can be perceived as an issue of great importance for the management of profit and non-profit organizations equally. On the other side, five-star hotels play crucial role in supporting the tourism industry and the investment in Egypt. Therefore, current study aimed at exploring the scope of application of strategic management practices in five-star hotels in Egypt. Simple random sampling technique was employed to select the sample from the target population and accordingly 48 five-star hotels were surveyed from Sharm El- Sheikh, Cairo and Hurghada cities. The results of the study showed that most of the five-star hotels in Egypt apply the principles of strategic management in its different stages. The results also showed that external barriers have the greatest negative impact on the implementation process, in contrast to internal barriers that have limited impact. The results also showed that most of the strategic management tools are applied in surveyed hotels. Finally, the results have proved that hotel chains are more in line with strategic management principles and more widely used for strategic management tools than independent hotels.

**Keywords:** Strategic Management, strategic tools, barriers, five-star hotels, Egypt.

### Introduction

Hospitality and tourism organizations are facing numerous competitive challenges due to globalization and business environment complexity (Okumus, et al., 2010). Consequently, Okumus et al. (2010) added that strategic management could make significant contribution to hospitality and to tourism organizations as well as other organizations facing today's competitive challenges, regardless of their size and type. More specifically, Ongore and Kobonyo (2011) stated that hotels are in connection with the implementation of the strategic management principles in order to get a strategic position in the market place. Hence, Bordean, et al. (2010) pointed out that in order to achieve competitiveness, the hotels have to focus on adopting a strategic perspective.

According to Bodwell and Chermack (2010), the main purpose of the strategic management is to give an idea of what the strategy is and explain its importance. Gecikova and Papcunova (2014) mentioned that the strategy could be perceived as a strategic management tool that addresses the most serious, critical and crucial issues relating to the quality of life of residents. In this regard, David (2011) clarified that strategies can be defined as potential actions that impose imperative on the senior managers to make effective decisions and allocate the firm's resources. Mišanková and Kočíšová (2014) stated that it is crucial for companies nowadays to apply strategic management in order to be able to operate in the challenging business environment. Within this context, Olsen and Roper (1998) highlighted the importance of strategic management and pointed out that if the organizations desire to innovate and set strategic directions, they have to follow the principles of strategic management.

Based On the previous conclusions, the main objective of the current study is to investigate the extent to which strategic management practices are applied in Egyptian five-star hotels. In concrete, specific study's objectives include; identifying the contents of strategic management practices through reviewing the literature, exploring the level of application

of strategic management process in five-star hotels in Egypt, investigating the barriers that impede the implementation of strategic management process in Egyptian five-star hotels, determining the level of usage of strategic management techniques and tools in five-star hotels in Egypt and examining the differences between chain and independent hotels regarding the implementation of strategic management process and the use of Strategic management techniques and tools. Valuable insights that can be derived from results of the study can play a major role in providing hotel managers with the information needed to compare their current managerial performance with the ideal one, as well as allowing them to gain a general overview of the process of strategic management and its various techniques. To achieve those objectives, the following study will provide answer for the following questions:

1. What is the level of application of strategic management process in five-star hotels in Egypt?
2. What are the main barriers to strategic management process implementation in five-star hotels in Egypt?
3. To what extent the strategic management techniques and tools are used in five-star hotels in Egypt?
4. Are there any differences in the management practices by the management style of the hotels (chain hotels versus independent hotels) regarding the implementation of strategic management process and using strategic management techniques and tools?

## **Literature Review**

### **Strategic management concept and importance**

When reviewing the literature, researchers' definitions for strategic management fall under four categories. First, some researchers conceptualized strategic management as formal planning. Within this concept, Armstrong (1982) pointed out that the value of formal planning revolves around the stage of making strategic decisions. A second view approaches strategic management as the way to set objectives. Within this concept, McKay (2001) stated that strategic management is a way of management that focuses on the formulation of the goals of the organization as well as providing the organization with the appropriate methods to achieve the determined goals. In this regard, Mohammed, et al. (2013) stated that strategic management is a plan of action directed towards reaching and achieving a specific objective. A third view approaches strategic management as a way of thinking. Within this concept, Švárová and Vrchota (2014) indicated that one of the major benefits that are derived from strategic management is that it aids the organization to find solutions to the problems it faces as a result of the enormous changes taking place in today's changing market. Meanwhile, Macmillan and Tampoe (2000) indicated that strategic management is a pattern of thinking strategically with the aim of providing a conceptualized framework of an enterprise and allows the enterprise to be stable in a desired future. A fourth view approaches strategic management as a management process. Within this concept, Pitts and Lei (2003) stated that strategic management process is devoted to realize the defined mission and vision of the firm and the elements of strategic management process include analysis of the environment, formulation, implementation and evaluation. In a comprehensive view, Okumus et al. (2010) defined strategic management as *"a field of study that involves the process through which firms define their missions, visions, goals, and objectives, as well as craft and execute strategies at various levels of the firms' hierarchies to create and sustain a competitive advantage. It helps organizations to prioritize what is important for them and provides a holistic view of an*

*organization. It entails two distinct phases that deal with formation and implementation of strategy within an organizational setting”.*

Reviewing the literature disclosed that authors have been interested in studying the importance of strategic management in terms of allowing the organization to make strategic decisions on one hand and gaining a competitive advantage on the other. With respect to strategic decision making, Papadakis and Barwise (2002) stated that the issues concerning strategic decision making process have been addressed through different topics in the field of strategy research over the past twenty years. In this regard, Okumus et al. (2010) stated, “*strategic decisions pertain to choosing an alternative among a set of alternatives that leads to strategy-related success. These decisions have an effect on the firm’s long-term orientation and direction*”. Noteworthy, Shahin (2011) referred to many supportive factors that lead to better strategic decision making such as the cooperation among stakeholders, suppliers and partners in the organization on one hand, and the adoption of performance measurement system on the other, furthermore the formality of strategic planning process plays crucial role.

Concerning the role of strategic management in creating a competitive advantage, David (2011) stated that the essence of strategic management is to gain and maintain competitive advantage. Noteworthy, Raduan et al. (2009) clarified that the approach of competitive advantage can be viewed as a cornerstone in the field of strategic management researches. According to Porter (2009), many authors who addressed the definition of competitive advantage underlined that competitive advantage has a fundamental role when the organization formulate and implement the strategy. According to Švárová and Vrchota (2014) in order to gain a sustained competitive advantage specific determinants have to be kept in mind such as formulating unparalleled strategy and developing proper actions during strategy implementation.

### **Strategic management in the hospitality industry**

Both national and international markets that are characterized by increased competition have become highly changing (Senturk, 2012). Hotels are viewed as one of those many businesses that are operating in this intensive competition business environment. In concrete, stiff competition is one of the main aspects of the hotel industry, so, for example, if customers were dissatisfied with the service in one hotel, they are allowed to select from many other hotels to fulfill their needs (Tsai, et al, 2008). Moreover, hospitality industry is negatively affected by the economic pressures (Brandau, 2009).

Based on previous notes, it is clear that tourism and hospitality businesses operating in today’s business environment at both internal and external levels have to adopt contemporary strategic management practices for many reasons. Firstly, hotel operations need to adopt strategic approach to technology adoption that could enable them to react to the dramatic changes in customer expectations and needs caused by information technology explosion and the internet. In a related context, Bordean et al. (2010) indicated that the approaches that the hotels take in making strategic choices of information technology adoption need careful consideration to be able to achieve a competitive advantage. Secondly, adopting strategic management approach can enable hotels to gain a competitive advantage over competitors (Kim and Oh, 2004). However, Harrison (2003) pointed out that during the preparation phase of the competitive strategy the hotel management must take into account the method that should be followed to benefit from changes in its business environment on one hand, and identifying the resources and capabilities that are needed to be developed to improve the competitiveness on the other. In the same vein, Wong and Kwan (2001) who addressed competitive strategies that are adopted in the hotels of Hong Kong and Singapore, found that raising the performance of

technological quality and services that are presented to the hotels' customers gives these competitive strategies better valuable.

Despite of the strategic management importance in the hotel industry, researchers identified some barriers that could hinder the implementation of its practices in hotels. These barriers can be external or internal to the organization. External barriers include those barriers that are existent in the external environment and cannot be controlled by the organization such as political influences, macro economy, political instability and turbulent environment (Shahin, 2011). On the other hand, internal barriers include those barriers that exist within the organization's boundaries such as organizational internal processes/regulations, employees' resistance to change, lack of understanding the strategy, formulating strategies that are difficult to implement, gap between the strategy and the functional goals, gap between the strategy and the process of allocating resources and non-strategic feedback (Lihalo, 2013; Shahin, 2011; Hrebiniak, 2006).

### **Strategic management process stages**

Researchers identified three stages of the strategic management process: strategy formulation, strategy implementation, and strategy evaluation (David, 2011). Strategy formulation is "the process with which the best course of action, for achieving organizational goals and objectives is decided" (Zafar et al., 2013). Accordingly, strategy formulation can be considered as one of the most influential elements in the strategic management process, which entails the side of providing insights. In this regard, the essence of strategy formulation breaks down into specific tasks such as gaining knowledge about the guidelines of future strategies and providing evaluation mechanisms (Whittington, 2006). Additionally, Quinn and Ghoshal (1999) stated that the functions of strategy formulation involve defining appropriate objectives, developing a clear mission, designing suitable procedures and planning different types of strategies. In concrete, Gupta (2013) stated that strategy formulation process involves specifying the organization's mission and goals as the first step, management analyzes current situation and formulate the strategies accordingly to achieve its defined goals, and also management should consider how to allocate resources and responsibilities between groups in order implement the strategy effectively and reach the defined objectives. With respect to the levels of strategy, Yabs (2010) mentioned that formulating of corporate strategies is the responsibility of senior management, whereas middle-level management addresses the issues of business strategy formulation. In a related context, Bourgeois (1980) clarified that tasks and activities that emerge from the executive departments of the functional area form the basis for formulating functional-level strategy with the goal of supporting business and corporate-level strategies. On the other hand, there is a necessity to integrate the stakeholders into the stage of strategy formulation in order to avoid any conflicts and smooth implementing the strategies. In the same vein, Mišanková and Kočíšová (2014) concluded that the process of objectives and strategy formulation requires a sophisticated level of procedures. However, Blahová and Knápková (2011) stated that strategy formulation is seen to be easier than effective strategy implementation.

Strategy implementation is the second stage in the strategic management process. According to Carpenter and Sanders (2009), strategy implementation is about taking all the measures necessary in order to put the elements of the formulated strategy into action. More comprehensively, Okumus et al. (2010) stated, "strategy implementation is the process of putting strategy into action, which includes designing the organizational structure and related systems. This process leads to effective resource allocation processes, including programs and activities such as setting budgets, developing support systems, recruiting, hiring, and training, as well as designing performance evaluation and rewards

systems that lead to the attainment of set goals and objectives". According to Lihalo (2013), the process of implementing strategy can be considered as a trajectory towards the desired position of an organization in the future. Indeed, the core of the strategy implementation can be viewed as putting strategies into action in order to enable a firm to respond to the available opportunities in the business environment that undergoes a stiff competition (Harrington, 2006).

Strategy implementation is the most important and difficult stage in the strategic management process. In terms of difficulty, Hrebiniak (2006) indicated that despite the fact that the process of strategy formulation requires great efforts from the management; the process of strategy implementation requires greater efforts. Similarly, Alexander (1991) added that the basis of strategy implementation is the notion that how to perform a specific strategy in light of the available resources. Additionally, Ahmadi et al. (2012) investigated the failure causes of many organizations and found that most failures happen because lack of strategy implementation not formulation. In terms of importance, Gecikova and Papcunova (2014) stated that effective implementation of the strategy is the critical success factor that enables the organization to be distinguished, regardless of the strategy itself. Mišanková and Kočišová (2014) concluded that strategic implementation which can be viewed as the key element of the strategic management leads the company to be competitive and distinguished. In the same context, Brenes et al. (2008) pointed out that the aim of the strategy implementation is to allow the firm to gain a competitive advantage through the best utilization of internal and external capabilities.

Strategy evaluation is the third and last stage in the strategic management process. Evaluation of the strategy is about constantly reviewing and modifying the outcomes of strategy implementation (David, 2009). In this regard, Certo and Peter (1991) pointed out that the essence of the strategy evaluation phase can be considered as analyzing the gap between the actual and desired strategic performance. Similarly, Wheelen and Hunger (2006) pointed out that the core of evaluation process revolves around measuring the performance of the company in terms of the current and the desired one. In this view, Zafar et al. (2013) added that the principal activities that constitute the basis for evaluating strategies could be considered as identifying the fundamental determinants at the internal and external level that have an impact on the implemented strategies, assessing performance and making the appropriate adjustments. What comes from evaluating strategies ensures that the implementation of organizational strategy is in the context of the objectives of the organization. In the same context, the organization is supposed to compare its actual performance with the expected one, as well as taking into consideration the critical issues that have affected the targeted organizational performance (El-Mobayed, 2006). Furthermore, the underlying causes of making adjustments to the strategy can be viewed as keeping up with emerging issues in the business environment, setting new objectives and responding to unexpected shifts in the organizational direction over the long term (Thompson and Strickland, 2001).

### **Strategic management techniques and tools**

Strategic management techniques and tools are defined as "different tools that support managers in all phases of strategic management, from the strategic analysis phase through the strategic choice to implementation with the intention to improve some deficiencies in organization for better performance" (Afonina and Chalupsky, 2012). Advantages of applying those strategic management techniques and tools for organizations include: dealing with critical issues and providing solutions on the practical level, keeping up with trends of the business environment through continuous environmental scanning, applying strategic decisions, looking at all view points of the organizations' members in order to

develop an ideal strategy for the whole organization and attaching importance to the strategic flexibility in handling with dramatic changes (Spee and Jarzabkowski, 2009). Noteworthy, the usage of strategic management tools ranges in the companies from nine to twelve tools (Rigby and Bilodeau, 2007). As a result, the present study addressed specific strategic management tools that have been investigated through a plethora of published studies (e.g., Senturk, 2012; Afonina & Chalupsky, 2012; Erbaşı and Ünüvar, 2012) such as customer relationship management, SWOT analysis, strategic alliances, total quality management, scenario analysis, benchmarking analysis, supply chain management, core competency and outsourcing. A review of those tools and their importance in the hotel industry will be discussed in following paragraphs.

### **Customer Relationship Management (CRM)**

CRM is a strategic management tool that focuses on how companies can build successful relationships with their customer to guarantee their long-term loyalty. In concrete, Bhatia (1999) defined CRM as a set of methods that compile information from many information technology channels in order to serve the customers' needs and to leverage shifts concerning the activities of sales and marketing. In this regard, Wu and Chen (2012) wrote that CRM could be considered as the perfect way to achieve profitability and develop businesses through enhancing customer satisfaction and loyalty. The benefits of CRM in improving the performance of the organization have been investigated through many published studies (e.g., Zablah, et al, 2004; Minal and Kasim, 2009; Coltman, 2007). Other prominent studies (e.g., Dowling, 2002) illustrated that CRM brings benefits to the organization in terms of achieving high profits. Many authors cited importance of CRM in the hotel industry. For example, Yoo, et al. (2011) found a positive and significant relationship between CRM and customer retention and satisfaction in the hotel industry. According to Padilla-Meléndez and Garrido-Moreno (2014), CRM as a strategic management tool plays a pivotal role in delivering consistent and highly personalized service experience and improve customer satisfaction and retention, particularly in the hotel industry. The same author concluded that there are four important factors for implementing CRM in hotels, which are information technology, knowledge management capabilities, organizational readiness and customer orientation.

### **Strategic Alliance**

A strategic alliance can be defined as “an agreement under which two or more firms cooperate in order to achieve certain commercial objectives. Firms combine their resources and capabilities to create competitive advantage. In essence, alliances help to enter new markets, access new technologies and achieve economies of scale faster and cheaper than any other acquisition method” (Ray, 2013). Išoraitė (2009) who investigated the importance of the strategic alliance in company's activity stated that strategic alliance has become one of the main management tools that make significant contribution in implementing the strategic plans. One of the main benefits of strategic alliances, which have been highlighted, is improving the level of competitiveness (Lowensberg, 2010). In this regard, a growing number of studies (e.g., Dale, 2003; Uddin and Akhter, 2011) indicated that strategic alliances achieve competitive advantages and strengthen the competitiveness. In line with these studies, Ogega (2010) recommended that strategic alliances are the major ways in which organizations can survive and sustain their operations in the competitive environment. These choices have become popular among the global hospitality industry nowadays. Chathoth and Olsen (2003) who investigated strategic alliances from the perspective of the hospitality industry pointed out that that the

evolution of hospitality alliances is based on franchise and management contracts on one hand, and collaboration alliances on the other.

### **Total Quality Management (TQM)**

TQM emerged out as an important paradigm that allows organizations to concentrate on quality level, continuous improvements, waste reduction and business optimization (Talib, 2013). TQM has become a popular strategic tool in the hospitality industry. With reference to the studies of (Ramsaran-Fowdar, 2007; Kanji and Wallace, 2000) the approach of TQM in the hospitality industry is based on satisfying the customers' needs, providing high quality of service rather than just delivering a service, and sustaining continuous profitability improvements. In addition, Wang, et al. (2012) concluded that TQM positively affects hotel performance, and hotels that adopt TQM can achieve better customer and employee satisfaction.

### **Scenario Analysis**

Scenario analysis is a strategic management tool that focuses on describing the prospective events in the future in the light of the current realities (Notten and Rotmans, 2001). Additionally, Bennett (1999) pointed out that scenario analysis is the technique that qualitatively assumes the future environment of the business organizations. According to Wack (1985), the fundamental basis of scenario analysis is to provide decision makers with assistance in order to overcome uncertainty in that the future holds. In agreement with this opinion, the study of Postma and Liebl (2005) indicated that scenario analysis is a key element to decision makers' support. Erbaş and Ünüvar (2012) were among the first authors to emphasize the usage rates of scenario analysis as a strategic management tool in the hotel industry and found that that scenario analysis has low level of usage and high level of satisfaction among five-star hotel managers. In this regard, Aldehayyat, et al. (2011) clarified that using scenario analysis and construction, as a strategic planning tool and technique could enable the hotels to gain flexibility in planning.

### **SWOT Analysis**

SWOT Analysis is mainly used to systematically analyze the current strengths and weaknesses of an organization on one hand, and all the future opportunities and threats perceived in the environment on the other (Angkasuvana, 2005). SWOT analysis is a useful technique in strategic planning of organizations because it helps managers to perceive the business environment in order to formulate promising future objectives (Nikolaou and Evangelinos, 2010). With reference to the hospitality industry, Angkasuvana (2005) found that SWOT analysis was one of the four most common analytical techniques that influence the corporate strategy development in the hotel industry. Differently, Senturk (2012) found that SWOT analysis had a moderate level of usage among managers in five-star hotels as a strategic management tool.

### **Benchmarking**

Benchmarking is defined as "the search of best practices that will lead to superior performance in some business activity" (Ajelabi and Tang, 2010). Benchmarking is a strategic management technique that leads the organization to determine policies and procedures that need to be modified in order to accomplish strategic goals (Hacker and Kleiner, 2000). In concrete, the essence of benchmarking is not to imitate other organizations, but to learn from the best experiences of other organizations in order to create a continuous improvement of performance levels of the organization (Barber, 2004). Kosar and Đurišić (2010) indicated that benchmarking enables the resources and capabilities of an organization to be compared with the best organizations, with the aim of

improving the business performance. Bohdanowicz and Martinac (2007) clarified that benchmarking is a necessity in the hotel industry. In the same context, Angkasuvana (2005) pointed out that benchmarking plays an important role on corporate strategies in the hotel industry. Similarly, Kosar (2011) added that the aim of applying benchmarking analysis in the hotel industry is to put business strategies into action.

### **Supply Chain Management**

Supply chain management is defined as “the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole” (Christopher, 2005). More comprehensively, Klemencic (2006) concluded that supply chain management could be considered as an integrated philosophy aiming at managing the total flow from the supply of raw materials to the end customer. The same author concluded that companies that emphasize supply chain management could gain high level of competitiveness by lowering costs and simultaneously having satisfied customers. With respect to the hospitality industry, Nassiry, et al. (2012) found a positive relationship between adopting supply chain management practices and level of service quality in hotels. In the same vein, Additionally, Raghavendra and Nijaguna (2015) indicated that the supply chain management plays a pivotal role in the hotel and catering industry through its role in building long-term relationships with suppliers enabling the establishment to provide consistent and highly personalized services.

### **Outsourcing**

According to Ashley (2008), outsourcing can be defined as the act of delegating the work responsibilities to an external source. In a similar view, Anagnostou (2004) indicated that outsourcing includes the procurement of services and products from other entities as well as moving the responsibilities to the outsourced agents. Additionally, Power, et al. (2006) agreed that outsourcing aims at transferring the responsibility of business processes and decisions to other sources that are external to the firm. With respect to the importance of outsourcing, it can enhance the performance of the organization through assigning specific activities to an external professional entity that can undertake predefined tasks better and more efficiently (Power et al., 2006). Additionally, outsourcing was positively correlated with increasing the speed of work, and thereby creating greater organizational efficiencies (Sriwongwana, 2009). Outsourcing is now effectively involved in many hospitality activities especially in the hotel industry. For example, Sani et al. (2013) stated that outsourcing enables hotels to transfer the responsibility of non-core activities to an external organization. Moreover, Elhoushy (2015) found a positive relationship between outsourcing non-core hotel activities and performance improvement.

### **Core Competencies**

Kocel (2011) pointed out that core competency can be considered as a set of information, activities, business processes and functions that enables the organization to be successful and distinguished among its competitors. Khan (2004) indicated that improvement of the competitiveness is the main purpose of core competencies. In concrete, organizations are able to achieve competitive advantage when an integration of resources and assets are made with the aim of creating valuable core competency (Hunt and Morgan, 1996). It should be noted that there are several studies that attempted to identify the core competences in the hotel industry. For example, Wheelen and Hunger (2006) pointed out that core competencies are considered as a set of activities and processes that distinguishes the hospitality and tourism organization from the competitors. More specifically, Okumus

et al. (2010) identified three features that can determine a hospitality core competency: allow the organization to gain accessibility to various markets, make a significant contribution to the perceived customer benefits, and protect the organizations' capabilities against imitation by competitors over time.

### **Balanced Scorecard (BSC)**

BSC allows the organization's vision and strategic objectives to be translated into operational measures and critical drivers (Zin et al., 2013). So, it is considered as a tool that facilitate strategy implementation by reviewing the limiting factors for successful strategy implementations (Niven, 2002). BSC is now widely used in the hospitality industry due the increasing importance of intangible assets in this industry (Evans, 2005). In this regard, Quintano (2013) conducted a study to investigate how the BSC dimensions influence the process of evaluating the performance in the hospitality industry and indicated that the basic dimensions of BSC have to be followed and well prioritized.

## **Methodology**

### **Study Population and sample**

The target population comprised all general managers, assistant managers and other managerial positions in all five-star hotels in Sharm El- Sheikh, Cairo and Hurghada cities, which have the largest number of five-star hotels in Egypt (Egyptian Hotel Guide (EHG), 2014). The rationale for targeting these positions of senior management can be explained as follows: senior management are highly responsible for formulation and implementation of strategic management practices, they are aware of the capabilities of their hotel staff and have the needed power to integrate strategic management effectively in their hotels. Five-star hotels were chosen for the following reasons: Firstly, five-star hotels industry is vital to the Egyptian economy in creating employment for the local communities, and leading to better gross domestic product and standards of living. Secondly, five-star hotels are more likely to be sophisticatedly managed in terms of achieving and evaluating intended outcomes; developing sustainable competitive advantage; managing capacity to maximize revenue; applying several principles in their process of management and providing philosophical perspectives. Thirdly, five-star hotels are vulnerable to be up to date to the new trends in the hotel industry. Finally, these hotels are expected to be familiar and have exposure to strategy formulation and implementation.

Using the 34<sup>th</sup> edition of the EHG, the researcher prepared a list of 98 five-star hotels in total, distributed among the three areas that were listed as the total population (Cairo, 33 hotels; Hurghada, 24 hotels; and Sharm El-Sheikh, 41 hotels). After that, a simple random sample was obtained by taking a random sample of 50% from each city to guarantee that the selected samples representing the population in the same proportion. Accordingly, the final list of surveyed five-star hotels included 12 hotels in Hurghada, 20 hotels in Sharm el-Sheikh and 16 hotels in Cairo, with a total of 48 hotels.

### **Data collection instrument**

The data collection instrument employed in the current study is interviewer-administered questionnaire. The reason behind this selection is that this type of questionnaire guarantee a high response rate and gives the researcher basic insights about the studied phenomenon based on direct interaction with respondents. A five point Likert scale was employed throughout the questionnaire in order to measure the study variables and answer the study questions. The scale was designed to measure the nature of application of strategic management practices that are represented in the implementation of strategic management process and using strategic management tools, and to measure the level of its importance

from the hotel managers' perspective. Moreover, the scale was designed to measure the barriers to the implementation of strategic management process in an appropriate and effective method. The review of the relevant literature and measures utilized in previous studies formed the basis of designing different sections of the questionnaire to ensure its validity and reliability. The questionnaire contained closed and open-ended questions. The first two parts of the questionnaire were measuring closed-ended questions that were measuring the level of application of the strategic management process and the level of existence of barriers to the implementation of strategic management process. These two parts measured using five point Likert scale ranging from (1= Strongly disagree) to (5= Strongly agree). In the third section, the questions were on five point Likert scale, with 1 for (Not at all) and 5 for (To a great extent) to measure the level of existence of strategic management techniques and tools.

### **Validity and reliability**

Specific measures were followed to verify the extent in which the data collection instrument is valid and reliable. Firstly, to meet validity requirements and ensure that the tool used for collecting the data is valid, the researcher followed specific procedures as follows: 1) the variables and items of the subject under investigation were developed on the basis of the literature review which comprised multiple building blocks and sources of information related to the strategic management, 2) interviewer- administered questionnaires make it easy to clarify any vague questions and enable the respondents to understand the multidimensional variables of the study, 3) One of the most considerable techniques that was taken into account to ensure the validity of the questionnaire is the questionnaire piloting. In order to pilot the questionnaire two stages were conducted in terms of academic experts and target hotels. Firstly, four questionnaires were distributed to academic staff who are specialized in hotel management researches in the faculty of tourism and hotels in Alexandria University. They allowed the researcher to gain insightful information about the appropriate words to be used in the questions; layout and design of the questionnaire as well as specific interviewing skills. Secondly, face-to-face interviews with three managers in five-star hotels in Alexandria were conducted. The aim of this stage was to make sure that the terminology used in the questionnaire is in line with the practical implementation that the hotel managers are involved in.

To ensure the reliability of the instrument, the researcher paid greater attention to the basic principles and procedures that would make each building block in the questionnaire reliable. Cronbach's alpha was used to assess the reliability of the whole questionnaire. According to the criterion of Hair et al. (1998) when the level of reliability exceeds 0.60 it can be perceived as an accepted one. In this study, the value of Cronbach's alpha for each construct of the questionnaire has been calculated and exceeded (0.60) in each construct, in addition to this the value for the overall questionnaire was (0.892).

## **Results analysis and discussion**

### **Profile of respondents and hotels' characteristics**

In relation to respondents' gender, the highest percentage of respondents came from males (91.7%), and the females recorded the lowest percentage (8.3%). Regarding the educational background, the majority of hotel managers were recorded to have bachelor degree (97.9%), while (2.1%) had master degree. Positions of managers ranged from general managers (16.7%), executive assistant manager (12.5%), and other managerial positions (70.8%). Most managers (91.7%) received an academic course in management development programs. Concerning their experience, the category of more than 8 years presented the highest percentage (52.1%), followed by the category from 5-8 years

(20.8%), and followed by that ranging from 3-5 years (16.7%). Examining the characteristics of the hotels, results showed that the majority of the selected hotels (79.2%) were attributed to chains, while (20.8%) were independently managed.

Table 1: Profile of respondents and hotels' characteristics

Gender	N	%	Educational background	N	%	Position	N	%	Management courses	N	%	Management style	N	%
Male	4	91.7	High school	0	0	General manager	8	16.7	Yes	4	91.7	Chain-managed	3	79.2
Female	4	8.3	Bachelor degree	4	97.9	Executive assistant manager	6	12.5	No	4	8.3	Independently-managed	1	20.8
			Master degree	1	2.1	Other managerial positions	3	70.8						
			Doctorate degree	0	0									
			Others	0	0									
Total	4	100		4	100		4	100		4	100		4	100

### Analysis and interpretation of results

Under this section, results concerning the study questions described earlier will be presented and discussed. The first question of the study was about whether the process of strategic management is applied five-star hotels in Egypt or not. Accordingly, managers were asked to evaluate the practices representing different stages of the process of strategic management. Presentations of all results collected to answer this question are tabulated in Tables 2. In this section, we would review some of the insights gained from analysis of this table. With regard to the implementation of the strategy formulation stage, it was important to note that this stage includes four sub-phases, namely, strategy formulation process, mission statement, vision statement and objectives and goals. It is noted that hotel managers agreed that all these sub-phases are applied and that the ratio of implementation varied from one sub-phase to another, where the *Vision statement* recorded the highest rate of application with an average mean of 4.74, followed by the *Objectives and goals* with an average of 4.64, and *Mission statement* with an average of 4.51, and finally *Strategy formulation process* at an average of 4.04. As for the strategy implementation stage, the overall average of implementation was measured by calculating the averages of all the indicators in this stage. It was noted that the overall average of the implementation of this stage was high, where the overall mean for all indicators recorded 4.67, having average values for indicators ranging from 4.58 for the lowest application to 4.81 for the highest application. Finally, results of the implementation of the final strategic management process, the evaluation stage of the strategy, showed that most managers agreed with the

existence of strategy evaluation practices, where the overall mean for all indicators recorded 4.75, having average values for indicators ranging from 4.42 for the lowest application to 4.89 for the highest application.

To complete the answer of the first question of the study, the statistical test Pearson Correlation was used in order to test the relationship among the elements of the strategic management process in order to test the coherence of these different stages. As noted in Table 3, results of Pearson Correlation test revealed the existence of highly significant correlation among all the elements of the strategic management process. It could be concluded from these results that the different components of the strategic management process were highly correlated on the one hand and highly affecting each other on the other hand.

Table 2. Implementation level of the strategic management process

		Mean	S.D.
A. Strategy Formulation		4.46	0.38
A.1.1 Strategy formulation process		4.04	0.66
A.1.1.1	We identify strengths & weaknesses of the hotel before formulating the strategy.	4.75	0.44
A.1.1.2	Long-term implications are considered when selecting the strategy.	4.12	0.89
A.1.1.3	long-range considerations are important in developing alternative strategies,	4.44	0.82
A.1.1.4	Negotiation between top management & employees always happen before developing strategies.	3.75	1.26
A.1.1.5	Negotiation between top management & stakeholders always happen before developing strategies.	3.83	1.14
A.1.1.6	We develop our strategy through experimenting new approaches in the marketplace.	4.42	0.68
A.1.1.7	Our strategy accommodates interests of different groups and individuals.	2.95	1.67
A.1.2 Mission statement		4.51	0.51
A.1.2.1	Our hotel has developed a statement of mission	4.85	0.41
A.1.2.2	Our mission is long-term in nature	4.39	0.87
A.1.2.3	Our mission explains the purpose of existence	4.60	0.53
A.1.2.4	Our mission statement clarifies the optimum goals	4.48	0.71
A.1.2.5	Our mission provides a framework for strategy formulation.	4.67	0.63
A.1.2.6	Employees understand & are committed to the hotel mission.	4.12	0.89
A.1.2.7	The mission statement is widely circulated & communicated among all levels of management	4.42	0.82
A.1.3 Vision statement		4.74	0.43
A.1.3.1	Our hotel has a clear vision statement	4.75	0.48
A.1.3.2	The vision statement outlines hotel's visionary goals.	4.85	0.46
A.1.3.3	Our hotel vision aims at making the hotel one of the top hotels in the industry	4.81	0.57
A.1.3.4	All our employees understand the hotel vision & are committed to	4.52	0.71
A.1.3.5	The vision statement is widely circulated & communicated among all levels of management	4.79	0.68
A.1.4 Objectives & goals		4.67	0.50
A.1.4.1	Our hotel has a goals & objectives formal statement.	4.85	0.41

A.1.4.2	Our hotel strategy has both long and short-range goals & objectives.	4.77	0.51
A.1.4.3	Our hotel develops goals & objectives continuously	4.60	0.60
A.1.4.4	All manager participates in establishing hotel's goals & objectives.	4.67	0.59
A.1.4.5	Our hotel has definite & precise strategic objectives	4.69	0.69
A.1.4.6	Our hotel has precise procedures for achieving strategic objectives	4.46	0.80
A.2 Strategy implementation		4.67	0.42
A.2.1	The implementation of the selected strategies is properly supported by the top management	4.81	0.44
A.2.2	We make continual small changes to the strategy to keep with the changes in the business environment.	4.63	0.53
A.2.3	We have plans on how to deal with strategic problems.	4.62	.60
A.2.4	Our hotel activities are implemented according to a pre-defined plan.	4.73	0.53
A.2.5	There is an allocation of resources & commitment to implement chosen strategy	4.58	0.70
A.2.6	The management develops policies, procedures & guidelines to implement chosen strategy	4.67	0.63
A.3 Strategy evaluation		4.75	0.39
A.3.1	Our hotel has formal procedures for reviewing & evaluating strategies	4.86	0.54
A.3.2	The implementation of the selected strategies is adequately monitored & controlled	4.75	0.60
A.3.3	Strategies outcomes are evaluated periodically.	4.89	0.37
A.3.4	Some of our strategies were modified after the evaluation process.	4.42	0.82
A.3.5	Managers are highly involved in the revision of strategies.	4.85	0.46

Table 3: Correlation between the strategic management process

		Strategy formulation	Strategy formulation process	Mission statement	Vision statement	Objectives and goals	Strategy implementation
Strategy formulation	P.C						
	Sig.						
Strategy formulation process	P.C	.607 <sup>(**)</sup>					
	Sig.	.000					
Mission statement	P.C	.837 <sup>(**)</sup>	.161				
	Sig.	.000	.275				
Vision statement	P.C	.759 <sup>(**)</sup>	.257	.670 <sup>(**)</sup>			
	Sig.	.000	.077	.000			
Objectives and goals	P.C	.723 <sup>(**)</sup>	.023	.759 <sup>(**)</sup>	.516 <sup>(**)</sup>		
	Sig.	.000	.875	.000	.000		
Strategy implementation	P.C	.743 <sup>(**)</sup>	.152	.768 <sup>(**)</sup>	.610 <sup>(**)</sup>	.791 <sup>(**)</sup>	
	Sig.	.000	.302	.000	.000	.000	
Strategy evaluation	P.C	.474 <sup>(**)</sup>	-.026-	.548 <sup>(**)</sup>	.440 <sup>(**)</sup>	.586 <sup>(**)</sup>	.569 <sup>(**)</sup>
	Sig.	.001	.861	.000	.002	.000	.000

P.C = Pearson Correlation; \*\*. Correlation is significant at the 0.01 level (2-tailed).  
 The purpose of the second question of the study was to define the main barriers that impede the implementation of strategic management process in Egyptian five-star hotels.

Based on previous studies, the barriers to the implementation of strategic management have been divided into internal barriers and external barriers. Managers were asked about their perception of the negative impact of those barriers on the implementation of the strategic management process. Their responses were analyzed using means of scores as shown in Table 4. By analyzing the mean scores of the internal barriers, the researcher concluded that most hotel managers disagreed with the existence of these internal barriers with overall mean score of 2.14. All mean scores of individual barriers were below average and ranged from 2.94 to the highest (*employees' resistance to change*) and 1.69 to the lowest (*lack of upper management support*). On the contrary, most of the hotel managers have agreed to the existence of external barriers that have a negative impact on the implementation of the strategic management process with overall mean score of 3.91. The individual effect of these external barriers varied from the point of view of hotel managers and ranged from 4.51 to the highest effect (*the political instability*) and 3.04 to the lowest effect (*ambiguity of external stakeholders' expectations*).

The third question of the study was designed to study the strategic management techniques and tools that are more likely to be used within strategic management practices in Egyptian five-star hotels. The ten strategic management techniques and tools that were listed in the questionnaire as presented in Table 5 are; customer relationship management, strategic alliances, total quality management, scenario analysis, SWOT analysis, benchmarking analysis, supply chain management, outsourcing, core competency and balanced scorecard. Analysis of means of scores showed that there is a wide utilization of most Strategic management techniques and tools. The mean for application of strategic management techniques and tools ranged from 2.94 to 4.73 and the overall mean for the application of all tools is 3.92. According to the presented results in table 5, TQM was the most existed strategic management technique with the highest mean score 4.73, followed by CRM with a mean score 4.58, core competency 4.40, SWOT analysis 4.39, scenario analysis 4.27, supply chain management 4.10, benchmarking analysis 3.58, strategic alliances 3.19, balanced scorecard 2.98, and finally outsourcing 2.94.

Table 4: Barriers to the implementation of the strategic management process

		Mean	S.D.
1. Internal Barriers			
1.1	Lack of understanding of the role of organization structure	2.20	1.25
1.2	Lack of upper management support	1.69	1.07
1.3	Lack of Rewards and incentives	1.94	1.12
1.4	Lack of guidelines for initiating, controlling and executing implementation process	1.75	1.00
1.5	Lack of financial resources	2.67	0.88
1.6	Poor / Vague strategy formulation	1.71	1.03
1.7	Employees resistance to change	2.94	1.14
1.8	Inability to manage change effectively	2.12	1.35
1.9	Conflict with executive power	2.08	1.23
1.10	Key people leaving the hotel	2.64	1.00
1.11	Weak IT infrastructure	1.83	1.00
1.12	Weak strategic thinking	1.81	1.31
1.13	Organizational Culture Problems	2.50	1.20
Overall agreement regarding the existence of internal barriers		2.14	0.91
2. External Barriers			
2.1	Turbulent environment	4.50	0.82

2.2	Political instability	4.51	0.82
2.3	Ambiguity of external stakeholders' expectations	3.04	0.46
2.4	Rapid technology development	3.06	0.43
2.5	Macro-economic problems	4.44	0.87
Overall agreement regarding the existence of external barriers		3.91	0.51

Table 5: Existence of Strategic management techniques and tools

		Mean	S.D.
1.	Customer relationship management	4.58	0.94
2.	Strategic alliances	3.19	1.47
3.	Total quality management	4.73	0.61
4.	Scenario analysis	4.27	0.84
5.	SWOT analysis	4.39	0.74
6.	Benchmarking analysis	3.58	1.28
7.	Supply chain management	4.10	0.86
8.	Outsourcing	2.94	1.29
9.	Core competency	4.40	0.71
10.	Balanced scorecard	2.98	1.26
Overall agreement regarding the existence of internal barriers		3.92	0.65

The fourth question of the study was proposed to examine if there are differences in terms of the implementation of strategic management process and the use of strategic management techniques and tools between hotels with different management style (chain hotels versus independent hotels). To do so, the researcher used Independent sample t-test to compare responses of managers in independent and chains hotels as shown in Table 6. Regarding the difference in the implementation of the different strategic management stages, results showed that there are significant differences in the implementation of those stages between independent and chain hotels. All P-values were significant (P-value <0.05) in all stages, except for one sub-phase in the strategy formulation stage. Given the average mean score of the two groups, we can conclude that hotel chains are implementing the strategic management stages more than independent hotels. In concrete, this result can be justified by the fact that hotel chains have strategic planning teams that sets long-term goals for all hotels in the chain based on continuous monitoring of their environments and carrying out extensive research and development activities. In addition, these hotel chains enjoy the availability of the financial and human resources necessary to carry out all the phases of strategic management process more effectively than independent hotels that suffer from the lack of such resources. On the other hand, results of the Independent sample t-test showed that there was a significant difference between chain and independent hotels in the implementation of some strategic management tools (P-value <0.05), such as TQM, scenario analysis, SWOT analysis, supply chain management and core competency. On the contrary, no significant differences were found in the implementation of other strategic management tools (P-value >0.05), such as CRM, strategic alliances, benchmarking analysis, outsourcing and balanced scorecard.

Table 6: Differential Analysis for implementation of process and tools between chain and independent hotels

1. Strategic management process		Chain-managed		Independently-managed		Sig. (2-tailed)
		Mean	S.D	Mean	S.D	
1.	Strategy formulation	4.57	0.29	4.06	0.43	0.000
1.1	Strategy formulation process	4.06	0.67	3.96	0.68	0.667
1.2	Mission statement	4.64	0.42	3.98	0.51	0.000
1.3	Vision statement	4.85	0.34	4.36	0.55	0.001
1.4	Objectives and goals	4.84	0.27	4.02	0.65	0.000
2.	Strategy implementation	4.7	0.31	4.32	0.59	0.002
3.	Strategy evaluation	4.82	0.22	4.50	0.71	0.019
2. Strategic management tools						
1.	Customer relationship management	4.66	0.94	4.30	0.95	0.290
2.	Strategic alliances	3.31	1.45	2.70	1.49	0.242
3.	Total quality management	4.89	0.31	4.10	0.99	0.000
4.	Scenario analysis	4.42	0.76	3.70	0.95	0.015
5.	SWOT analysis	4.55	0.64	3.80	0.79	0.003
6.	Benchmarking analysis	3.76	1.32	2.90	0.87	0.058
7.	Supply chain management	4.34	0.67	3.20	0.92	0.000
8.	Outsourcing	3.05	1.33	2.50	1.08	0.234
9.	Core competency	4.55	0.64	3.80	0.63	0.002
10.	Balanced scorecard	3.11	1.29	2.50	1.08	0.180

**Discussion and conclusion of results**

With the aim of making a valuable discussion and conclusion, results of the current study will be compared with previous studies, which were intended to similarly answer all or some of the questions of the current study but in a different context. Interesting observations originated from the first question of the study that addressed the issues of strategic management process implementation. The fact that the means of scores regarding the agreement of respondents concerning the implementation of all strategic management stages are high, reinforce the results, findings, arguments and conclusions in many previous studies.

In concrete, previous researchers found that different practices involved in the strategy formulation stage were highly implemented in hotels. For example, Magutu et al. (2010) found that 100% of their responders pointed out that the CEOs and the employees of the surveyed organizations are involved in the process of organizational strategy formulation. In the same context, respondents agreed that their hotels recognize the strengths and weaknesses points of their hotels, at the strategy formulation stage. Moreover, Abu Bakar et al. (2011) found that 78% of their respondents have statement of mission in their firms. Additionally, Papulova (2014) found that most of surveyed companies in his study had statements of vision. Moreover, Sołoducho-Pelc (2014) confirmed the importance of defining strategic objectives while formulating the organization strategy. Regarding the strategy implementation as the second element of the strategic management process, the top management support directed to the selected strategies was highlighted by the respondents to be strongly existed in the surveyed hotels. This result goes in line with the findings of Otieno (2013) who examined the factors that affect the strategy implementation and found that senior management support is the most important factor. Similar to this study's findings, other factors such as the allocation of resources, policies, procedures and the adaptation to changes of the company's environment were also highly correlated with strategy implementation in previous studies (Mišanková, & Kočíšová, 2014). As for the evaluation of the strategy, the results of the study also agreed with the previous results. For example, Brenes et al. (2008) who found that the top management to follow up and control

the selected strategies periodically on the one hand and the adoption of corrective actions under appropriate circumstances on the other hand, are essential in the strategy evaluation. The second question of the study was designed in order to examine the main internal and external barriers that impede the implementation of strategic management process. Unexpectedly, there was disagreement among hotel managers regarding the existence of the internal barriers that slow down the implementation of the strategic management process in their hotels. This disagreement is attributable to the persistent attempts to overcome the internal barriers. Internal barriers might enhance the process of strategic management, this is because formulating strategies is intended to help hotels face or adapt to internal strategic issues. In other words, internal barriers act as catalyst for implementing the strategic management process. These results are in consistent with the study of Gravenhorst (2003) who concluded that internal barriers play a catalytic role in raising the level of strategy implementation. On the contrary, managers supported the existence of external barriers and the negative they play in embedding the implementation of the strategic management process. This result also goes online with previous studies' findings such as Blahová and Knápková (2011) who found that external barriers such as recent technological development, unexpected economy swings and the effects of politics leads to failure in the implementation of the strategic management process.

The third question of the study was designed in order to examine the extent to which the strategic management techniques and tools are used in Egyptian five-star hotels. Findings are compatible with previous findings in the hotel industry. For example, Erbaşı and Ünüvar (2012) conducted a study on Turkish five-star hotels and found that the most used strategic management techniques and tools are TQM, CRM, core competency, benchmarking analysis, scenario analysis, SWOT analysis and supply chain management. The fourth and final question of the study was devoted to examine the differences between independently managed and chain-managed hotels concerning the implementation of strategic management process and the use of Strategic management techniques and tools. In spite of the paucity of studies that examined the differences in practicing the strategic management depending up on the management style, especially in the hotel management field. One of these few attempts is the study of Angkasuvana (2005) who found the implementation of strategic management process and the use of strategic management techniques and tools were found to be more implemented in chain-managed hotels than independent hotels in Thailand.

### **Recommendations, limitations and directions for future research**

When combining results of the study with the literature review, shined major recommendations that have to be directed to hotel managers in the area of strategic management practices such as: 1) hotel managers that emphasize strategic management practices should consider what the hotel does for the employees when developing the mission statement to ensure their loyalty. Qualities like fairness, respect for diversity, respect for ideas and creativity, training, tools, empowerment and creative work environment should be included in the mission statement; 2) the ministry of tourism (hotels supervision sector) must sign a cooperative research and development agreement with the boards of directors of the international hotel chains that allows the hotel supervision sector and five-star hotels to work together on research and development. A cooperative research and development agreement aims at generating creative solutions to the emerged problems and challenges that face the hotel industry in Egypt and to speed the commercialization of these creative solutions and out of the box ideas. Moreover, this cooperative research and development agreement obliges both parties to put the results of the study into action experimentally for a specific period of time; 3) five-star hotels must

establish strategic management department that provide hotel managers with the tools and insights needed for the development and practice of different types of strategies in their hotels in coordination with the other decision makers in the hotel. Moreover, this strategic management department coordinates with the ministry of tourism (hotels supervision sector) to make sure that the hotel strategies and plans are in line with the general policies and regulations of the ministry of tourism and its thrusts and objectives; 4) hotel managers have to allow stakeholders to be engaged in the strategic management practices. Communication must be created to ensure that the hotel's mission, vision, objectives and strategies are widely circulated among all internal and external stakeholders; and 5) five-star hotels must sign a strategic collaboration agreement with the faculties of hotel management in Egypt which would create a linkage between the operational activities in these hotels on one hand, and academic achievements on the other, especially in the area of strategic management. Moreover, this strategic collaboration agreement allows five-star hotel to support the practical studies that have been conducted by the aforementioned faculties through providing them with the required funds and information. Additionally, five-star hotels can greatly benefit from the valuable insights derived from these studies. Although results of this study contribute to the body of the strategic management literature, it has number of limitations that can open the way for future research endeavors. Firstly, the survey of this study was undertaken after the crisis from the incident of the plane crash that has left Sharm El-Sheikh and Hurghada deserted with abandoned hotels and empty beaches. Therefore, it reflects the opinions of hotels managers in Sharm El-Sheikh and Hurghada which confused by feelings of resentment resulting from the low occupancy rates in their hotels. Researching other popular touristic destinations in Egypt through future research efforts would reinforce the results of the current study and help in generalizing its findings. Secondly, the hotel category of this study was limited to five-star hotels in Egypt and the findings of this study may be applicable to this category only. Accordingly, it is very important to do the same research on other hotel categories in order to be able to compare the findings and to draw a full picture for the situation in the hotel industry in general. Finally, the researcher's accessibility to the documents that form the basis for formulating hotels' strategies and establishing the statements of hotels' visions and missions was limited due to the confidentiality surrounding these documents. Other studies could only focus on investigating those documents and evaluating the actual implementation of strategic management process. Results of investigating the actual implementation could also be compared to managements' response and fruitful insights could be gained.

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