

The Emerald Research Register for this journal is available at
www.emeraldinsight.com/researchregister



The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0959-6119.htm

IJCHM
17,1

22

Competitive strategies and performance in Spanish hospitality firms

Fernando J. Garrigós-Simón and Daniel Palacios Marqués
*Universitat Jaume I, Departament de Administració de Empreses y Marketing,
Castellón de la Plana, Spain, and*
Yeamduan Narangajavana
Institute of Management Science, Walailak University, Thasala, Thailand

Abstract

Purpose - The aim of this article is to identify the relationships between strategic orientations and various performance measurements in Spanish hospitality enterprises.

Design/methodology/approach - With a sample of 189 hospitality firms, this study uses the Miles and Snow strategy typology, and validates a performance scale using the structural equations technique.

Findings - Following the application of ANOVA methodology, the paper confirms that the three viable strategy types identified in the literature (prospectors, defenders, and analysers) are likely to perform well. In contrast, reactors are linked with poor performance.

Practical implications - Inferences drawn from this study should take into account the limitations of the sample and the methodology used, mainly as using qualitative data. However, the evidence of the findings suggests that any of the positive strategic profiles are effective forms of competing and organizing, and can be equally successful in any environment if the firm implements it consistently.

Originality/value Confirms that the established typologies are still relevant to industry approaches.

Keywords Strategic management, Performance management, Hospitality services, Analysis of variance, Spain

Paper type Research paper

Introduction

Most hospitality managers are constantly looking for the best strategy to improve the performance of their enterprises. The term strategy has served as a basis for the development of a broad discipline in the literature: strategic management. This line of work has largely attempted to analyse enterprises and their environment, and to propose mechanisms to improve firm performance. No researcher "has provided research findings which indicate that there are any particular differences between strategic management in hospitality firms and in any other types of firms" (Okumus, 2002, p. 107). Therefore, strategic management is of paramount importance in the context of the rapidly changing environment of the hospitality and tourism industry (Pechlaner and Sauerwein, 2002), and as such, the approach developed in the present article is perfectly valid for this industry.

Within this system, "strategic content" is viewed as "the overall strategic direction of the company and the need to design new initiatives" (Okumus, 2001, p. 228)[1]. The literature on strategy has focused a great deal of attention on the quest for the strategic construct (Miller and Dess, 1993; Williams and Tse, 1995). Its development has led to a



International Journal of
Contemporary Hospitality
Management
Vol. 17 No. 1, 2005
pp. 22-38
© Emerald Group Publishing Limited
0959-6119
DOI 10.1108/09596110510577653

number of classification schemes that capture the essence of sets of consistent responses to various environmental events, investment strategies and competitive advantages (Hofer and Schendel, 1978; Williams and Tse, 1995; Garcia Lillo and Marco Lajara, 2002). In this way, descriptive research in the 1970s and early 1980s began to identify behaviours or common factors in the ways firms compete (e.g. Ansoff and Stewart, 1967; Mintzberg, 1973; Miles and Snow, 1978; Porter, 1980; Dess and Davis, 1984; Miller and Friesen, 1984; Davig, 1986), in an attempt to suggest typologies of generic strategies (Williams and Tse, 1995) in order to operationalise the concept of strategic posture.

Of all the typologies proposed in the literature, the most frequently used in empirical research is that proposed by Miles and Snow (Snow and Hrebiniak, 1980; Hambrick, 1983a, b; Davig, 1986; Smith *et al.*, 1986, 1989; Venkatraman, 1986; McDaniel and Kolari, 1987; Zajac and Shortell, 1989, 1990; Conant *et al.*, 1990; Zahra and Pearce, 1990; Bahae, 1992; Abernethy and Guthrie, 1994; Doty and Glick, 1994; Schenk, 1994; James and Hatten, 1995; Williams and Tse, 1995; Brock, 1997; Kald *et al.*, 2000; Slater and Olson, 2000, among others). This typology has been cited more than 650 times in recent years (Croteau *et al.*, 1999, p. 1) and has been extensively used in much of the research into a wide variety of organisations and industries[2]. Nevertheless, the hospitality sector has not been a focus for study into the importance of companies' strategic orientation and its causal link with company performance.

Our research uses Miles and Snow's (1978) strategy typology to discover the relationship between the strategic orientation of firms and the performance of hospitality enterprises. Apart from its extensive use in other empirical research, this typology is used for several reasons, which we discuss below. The main strength of this typology is its exhaustive description of organisational behaviour, comprising the simultaneous consideration of key elements of strategy, structure, process variables and their relationships with performance (Segev, 1989)[3]. Indeed, it provides the most thorough description of organisational characteristics associated with each strategy (Dent, 1990). It builds on "distinctive competence" (Snow and Hrebiniak, 1980), and takes into account both internal aspects of organisational structure and strategic orientation. Miles and Snow's (1978) framework appears to account for significant variations across organisations, views the organisation as an integrated system and allows for the strategy construct to be operationalised in non-industry-specific terms (Snow and Hrebiniak, 1980; Hambrick, 1983a, b; Shortell and Zajac, 1990). The various empirical studies that have applied Miles and Snow's model have lent it strong support in different environments (Zahra and Pearce, 1990). Finally, considerable psychometric assessment has supported the validity and reliability of this approach and has identified it as one having good codification and prediction strengths (Snow and Hambrick, 1980; Hambrick, 1983a, b; Shortell and Zajac, 1990; Abernethy and Guthrie, 1994).

Miles and Snow's typology

Miles and Snow (1978) classified firms according to how they respond to three key elements, by identifying three dimensions of organisational strategies (what they termed the adaptive cycle)[4]. They further postulated that competing firms within an industry show patterns of behaviour representing four basic strategic types with which organisations frame the three problems described. They classified these

strategy types as prospectors, defenders, analysers, and reactors. According to Miles and Snow (1978), organisations in each category show a consistent pattern of strategic behaviour in their decisions when dealing with various environmental forces (Conant *et al.*, 1990). More than one strategy type can be successful in a given environment, but it is important for a firm to be organised appropriately and to plan and implement strategies relevant to a particular strategic type (Gupta *et al.*, 1997, p. 400).

McKee *et al.* (1989, p. 22) contend that Miles and Snow's (1978) typology "constitutes a continuum of increasing adaptive capability ranging from the reactor (with relatively little adaptive capability) to the prospector (with the highest level of adaptive capability)". However, others (for instance Croteau *et al.*, 1999, p. 2) point out that only the first three types can be considered along a continuum enhancing organisational performance, and that "the reactor strategy is excluded from the continuum since it represents an organization having no specific identified strategy. This last type is expected to impede organizational performance". Below we identify the four strategies.

Prospector modes of strategic behaviour are mainly externally oriented organisations, or entrepreneurial firms (Segev, 1987; Dess *et al.*, 1997), that compete by pioneering new products and developing innovative techniques. They are constantly involved in monitoring the external environment with the aim of responding quickly to early signs of opportunities and exploiting the benefits of being a first entrant or pioneer in a new product/market area (Mitchell, 1991; Robinson *et al.*, 1992). They have a broad and flexible product/market domain, because they are continually modifying them to take advantage of perceived opportunities, hence, they have a high requirement for marketing and a broad technological base. These firms usually create "change and uncertainty in the marketplace to which competitors are forced to react" (Stathapoulos, 1998, p. 539), and their structure is characterised by a low degree of formalisation and routine, decentralisation and lateral as well as vertical communication, emphasising aspects such as innovation and flexibility. Their managers are willing to take risks and develop new innovative business, and they do not mind trading off efficiency for growth. For them, maintaining the image of an innovator in product terms is even more important than securing high profitability (McDaniel and Kolari, 1987).

Defenders, in contrast, are internally oriented organisations. They stress efficiency, and are tightly organised firms focused on maintaining a niche with a limited range of products or services (Miles and Snow, 1978). Preoccupation with the internal business environment is common, causing executives to emphasise efficiency rather than effectiveness (Day and Nedungadi, 1994). As a result of their narrow focus, these firms seldom need to make major adjustments in their technology, structure, or methods of operation, and devote primary attention to improving the efficiency of existing operations. Top managers of this type of firm are highly expert in their organisation's limited area of operation but do not search outside their domains for new opportunities. They emphasise the engineering aspects of production and pay close attention to the bottom line. However, they also have a narrow technological base. The structure of a defender firm is characterised by an elaborate formal hierarchy and high degree of centralisation. Because defenders abhor risk, they tend to lag behind industry competitors in innovation, seeking only proven opportunities in their area of expertise. They try to protect their domain, allocating almost all of their resources to controlling and protecting their narrow product markets, through lower prices, higher quality, superior delivery, and so forth (Croteau *et al.*, 1999).

Analysers blend the characteristics of both the prospector and defender orientations (Miles and Snow, 1978). They are able to focus on efficiency and productivity when the market is stable, while at the same time cautiously moving into a new domain with scanning and innovation when the market is dynamic or turbulent. They show frequent dialogue with customers and commonly weigh up their competitors' activities (Slater and Narver, 1993). However, they only move into a new domain after its viability has been proven by prospectors. These organisations do everything that defenders do but in moderation, and at the same time are imitators in that they take other firms' promising ideas and market them successfully. They balance risks and returns by following prospectors into new markets and improving on their technological advances. They seek flexibility as well as stability, adopting structures that can accommodate both stable and changing domains. In their stable areas they operate routinely and efficiently through the use of formalised structures and processes; but in their more turbulent areas they assess their competitors closely for new ideas and then rapidly adopt those that appear to be most promising.

Finally, *reactor* organisations "do not present any consistent pattern of response behaviour to environmental conditions" (Matsuno and Metzger, 2000, p. 4) and only respond to competitive circumstance when forced to do so in a characteristically inconsistent and unstable manner. Their behaviour is unstable and their decisions are oriented towards the short as opposed to the long term. They do not attempt to maintain an already acquired defined product/market domain, nor do they try to capitalise on viable environmental opportunities or take true risks (Croteau *et al.*, 1999, p. 2). Their top managers frequently perceive change and uncertainty occurring in their organisational environments, but are unable to respond effectively. They seldom make adjustments of any sort until forced to do so by environmental pressures. They "do not have a consistent response to the entrepreneurial problem" (Slater and Olson, 2000), and lack a consistent strategy-structure relationship, so they "represent a residual strategy... and perform poorly" (Parnell and Wright, 1993, p. 30). This type represents a failure of an organisation to use any of the other strategies to adapt to its product-market environment, and as such, reactor strategy is generally only considered to be a viable strategy in highly regulated industries (Snow and Hrebiniak, 1980).

Methodology

The aim of this study is to compare the causality of the strategic orientations classified by Miles and Snow (1978) with performance. In order to identify these relationships, we use the instrument established by Snow and Hrebiniak (1980) to measure the strategies, and an adaptation of Camisón's scale (1999) for measuring performance.

The questionnaire and scales used

The first section of the questionnaire focused on strategy. The choice of Miles and Snow's strategic typology was made following Snow and Hrebiniak's (1980) paragraph approach, by creating four descriptive paragraphs corresponding to the four strategic orientations. The use of this approach therefore generated the categories of prospectors, defenders, analysers and reactors. Respondents were asked to specify which paragraph most closely described their firm's approach, compared with competitors, in their main marketplace. Respondents were informed that none of the

paragraphs characterised inherently “good” or “bad” strategic behaviour. The following illustrate these strategy types (Snow and Hrebiniak, 1980):

- (1) *Prospector*. This firm typically operates within a broad product-market domain that undergoes periodic redefinition, the firm values being “first in” new product and market areas even if not all of these efforts prove to be highly profitable. The firm responds rapidly to early signals concerning areas of opportunity, and these responses often lead to a new round of competitive actions. However, this type of firm may not maintain market strength in all the areas it enters.
- (2) *Defender*. The firm attempts to locate and maintain a secure niche in a relatively stable product area. The firm tends to offer a more limited range of products than its competitors, and tries to protect its domain by offering high quality, superior service, lower prices and so forth. Often, this type of firm is not at the forefront of developments in the industry – it tends to resist industry changes that have no direct influence on current areas of operations and concentrates instead on doing the best possible job in a limited area.
- (3) *Analyser*. This firm attempts to maintain a stable, limited line of products, while at the same time moving out quickly to follow a carefully selected set of the more promising new developments in the industry. The firm is seldom “first in” with new products. However, by carefully monitoring the actions of major competitors in areas compatible with its stable product-market base, the firm can frequently be “second in” with a more cost-efficient product.
- (4) *Reactor*. This firm does not appear to have a consistent product-market orientation. The firm is usually not as aggressive in maintaining established products and markets as some of its competitors, nor is it willing to take as many risks as other competitors. Rather, the firm responds in those areas where it is forced to by environmental pressures.

The second part of the questionnaire focused on performance. Given Miles and Snow’s arguments on the links between their typology and business performance, and the use of this typology in subsequent empirical studies, the four types of business strategy were related to fundamental dimensions of performance. Despite the importance of performance measurement, the conceptualisation and operationalisation of this construct is a hotly debated issue in the literature[5]. Consequently, we used a reduced scale of ten items based on Camisón (1999), which has been validated by the same author. This approach is intended to be a synthesis of the most important analyses in the literature, and comprises both economic-financial and other more qualitative indices (see Table I). As Atkinson and Brander Brown (2001, p. 130) state, “It is considered vital for performance measurement systems to reflect the complex nature of the service delivery process within hotels”. Our analysis attempts to measure key questions relating to profitability, but also to competitive position against competing firms, other factors making up the satisfaction of stakeholders such as customers and employees (Kelliher and Riley, 2002; Watson and Drummond, 2002), and the growth of organisations. The selection of items in this scale was indicated by Camisón himself, because of their importance in explaining the established dimensions. Hence, managers were asked to indicate the importance that they believed the organisation placed on each performance dimension, using a scale ranging from 1 (not important) to 7 (extremely important). The performance scale also used subjective or perceived measurements, thus obtaining

Profitability

1. Average economic profitability (return on assets (ROA))
2. Average financial profitability (return on investment (ROI))
3. Average profitability in sales (return on sales (ROS))

Growth

4. Average growth in sales (historical index $n/n-4$: sales year n /sales year $n-4$)^{1/5} * 100)
5. Market share increase (Δ participation in total sales of industry during period $n/n-4$)
6. Wealth creation (ratio market value/book value of the company)

Stakeholder satisfaction

7. Customer satisfaction (average index of customer satisfaction)
8. Employee satisfaction (average index of employee satisfaction)

Competitive position

9. Overall competitive position (competitive strength in relation to world competition)
10. Success rate in launching new products

Source: Camisón (1999)

Table 1.
Performance measures

qualitative data. The qualitative operationalisation followed in this article is a typical and well-accepted practice in strategic research (Campbell-Hunt, 2000, p. 146), as pointed out by Dess and Davis (1984), Kim and Lim (1988), Robinson and Pearce (1988), or in recent studies relating to the causality between strategy and performance (Appiah-Adu and Singh, 1998; Slater and Olson, 2000; Spanos and Lioukas, 2001). Theoretically, research has suggested that managerial perceptions are sometimes more critical of performance than some objective indicators that are “mentally distant” (Chattopadhyay *et al.*, 1999). The validity of this measurement is also corroborated by certain authors, who observe the close association between this kind of measurement and objective ones (Robinson and Pearce, 1988; Venkatraman and Ramanujam, 1986).

Methodological techniques

According to Bagozzi (1981), when new measures are introduced the convergent, discriminant and content validity must be substantiated. To do this, we carried out a number of empirical tests to examine the suitability of the scale used, by analysing the dimensionality, reliability and validity of the performance scale. Specifically, an exploratory factor analysis (EFA) was performed beforehand and a confirmatory factor analysis (CFA) afterwards.

Once we had measured performance, we used the ANOVA technique to show the relationship between strategies and performance. The ANOVA analysis seeks to break down the variability of one experiment into independent components that can be assigned to different causes. It is a statistical technique designed to analyse the significance of the mean differences of the different populations, and as such, it is considered as an extension of the means difference test, and is used in cases when we need to study the relationship between nominal or ordinal variables, and interval variables (Hair *et al.*, 1998). The ANOVA technique indicates whether or not we reject the null hypothesis that reflects the equal means value for each α level of significance. In this way, we confirm whether the mean of the variable performance is significantly different for the enterprises following the four different strategies: prospectors, defenders, analysers and reactors.

The sample

The questionnaire uses Snow and Hrebiniak's (1980) paragraph approach to measure the strategies and the reduced scale of ten items based on Camisón (1999) to measure performance. Between February and June 2002, the questionnaire was sent to top managers of Spanish hospitality firms that provide their e-mail addresses on the main Spanish tourism web pages. This survey was composed of closed questions, with multi-item measurement seven-point Likert scales comparing the firm with its competitors, as in Slater and Olson (2000). The total number of questionnaires received was 194, but five of them were eliminated due to errors or because they were received too late. This percentage of responses gave us a sample error of 5.48 percent for a confidence level of 95 percent. The database was created using SPSS.

Results

First of all, we validated the reduced Camisón (1999) scale. However, as we used a reduced version of the scale, we were not able to use the CFA technique for each dimension, since there were not enough items to confirm each of these dimensions, as we had a saturated model with insufficient degrees of freedom. For this reason, we considered the possibility of using the EFA technique.

The number of factors to be extracted, according to the eigenvalue criterion, suggest a solution of four factors. This distinction was suggested when we constructed the model. Its interpretation implies the distinction between profitability (items 1, 2 and 3), growth (items 4, 5 and 6), stakeholder satisfaction (items 7 and 8) and competitive position (items 9 and 10). However, so as to achieve a high degree of rigour, we conducted CFA for an overall performance variable. In this way, we considered the performance variable as an overall latent variable, using composite variables for each dimension[6]. Therefore, we consider the Camisón (1999) scale to have been validated.

In order to conduct the CFA we followed Bollen (1989) and used validity and reliability analyses. The observation of all indices corroborates the closeness of our fit. Apart from the fit of the model, we can also observe that, in this model, all the parameters are statistically significant for a level of 95 percent, and all the factorial weights are greater than 0.4, thus affirming the convergence validity of the scale[7]. Certain problems were revealed by the reliability analysis[8]. However, the use of Cronbach's alpha gives a value greater than 0.69, and we can therefore accept that the scale is good. Nevertheless, to avoid any problems, this work considers, in the relationship between strategies and performance each performance dimension (PROF, GROTH, STAKSAT, COMPOS), plus the overall latent variable (TOTPER) mentioned above.

Once we had validated the scales, the next step was to assess performance associated with different strategy types using the ANOVA analysis. The ANOVA tests whether or not the group means are equal (null hypothesis). A total of five one-way analyses of variances were conducted on each of the different performance measures in order to examine differences among the four strategic behaviours. Scheffé tests were used to locate significant differences between groups and descriptive statistics were obtained. Figure 1 provides a summary of results. We now comment on the results according to the different performance measurements or dimensions.

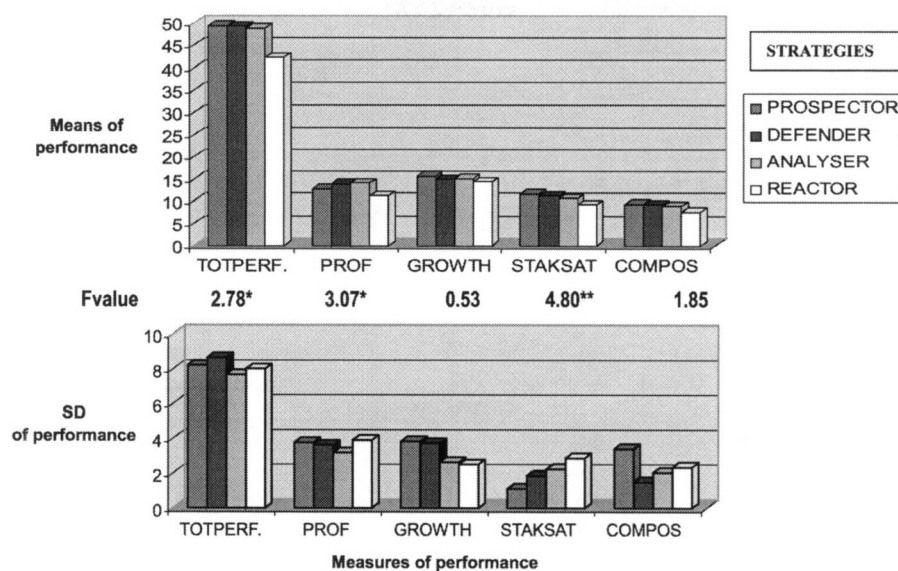


Figure 1.
Results for the ANOVA
test

Note: * $p < 0.05$ ** $p < 0.01$

Relationship between strategies and total performance

The ANOVA revealed significant differences ($F = 2.776$, $p = 0.04$) in total performance by the four types of strategic behaviour. The Scheffé test indicated that total performance by the prospectors, defenders and analysers significantly ($P < 0.9$) exceeded total performance by reactors. The total performance of the prospectors, defenders and analysers did not differ significantly from one another on this item.

Relationship between strategies and profitability

ANOVA revealed significant differences ($F = 3.073$, $p = 0.03$) in the profitability of the four types of strategic behaviour. The Scheffé test indicated that analysers' profitability significantly ($P < 0.7$) exceeded that of reactors. However, the profitability of the other relationships did not significantly differ from one another on this item.

Relationship between strategies and growth

The ANOVA did not reveal any significant differences in growth among the four types of strategic behaviour. Neither did the Scheffé test indicate significant differences in growth between any of the strategy groups on this item.

Relationship between strategies and stakeholder satisfaction

The ANOVA revealed significant differences ($F = 4.799$, $p = 0.003$) in the total performance by the four types of strategic behaviour. The Scheffé test indicated that stakeholder satisfaction with prospectors and defenders significantly ($P = 0.006$, and $P = 0.028$) exceeded stakeholder satisfaction with reactors, but analysers' performance did not exceed it significantly ($P = 0.12$). However, stakeholder satisfaction from the

other relationships did not significantly differ from one another from the other relationships on this item.

Relationship between strategies and competitive position

ANOVA did not reveal any significant differences in the competitive position among the four types of strategic behaviour ($F = 1.850, P = 0.141$). Nor were any significant differences indicated by the Scheffé test in the competitive positions of the strategy groups on this variable.

Discussion

This paper has explored the competitive strategies employed by hotels through the determination of their relationship with performance. This area is crucial for managers in their efforts to follow the most appropriate strategy for their enterprises. The assessment of performance associated with different strategy types has appeared regularly in the literature as a significant strategic issue (Galbraith and Schendel, 1983; Summer *et al.*, 1990; Tsui, 1990; Ostroff and Schmitt, 1993; Ketchen *et al.*, 1997). Miles and Snow (1978) posited that any strategy type (except reactors) is an effective form of organisation that can be successful in any given environment if the firm acts consistently in all areas of its operation. The coexistence of different types of strategies within a destination area is not in fact detrimental, but rather it actually contributes to continuous improvements in certain environments (Miles *et al.*, 1993). When hotels compete there is reciprocal dependence and thus, the success of the strategy followed by one particular company depends on the strategies followed by the other competing hotels (Boeker, 1991).

A large number of empirical studies have confirmed that the three viable strategy types pointed out by Miles and Snow (1978) (prospectors, defenders and analysers) are equally likely to perform well, given that they respond to the challenges of organisational adaptation in a consistent fashion (Miles and Snow, 1978; Snow and Hrebiniak, 1980; Hrebiniak and Joyce, 1985; Smith *et al.*, 1986, 1989; Connant *et al.*, 1990). Reactors, however, respond uncertainly or inappropriately and are generally linked with poor performance. Nevertheless, authors such as Snow and Hrebiniak (1980) or Hambrick (1983b) state that there are certain differences in performance among some strategic behaviours, depending on the environment and the performance measurements, and also point out the suitability of the reactor type of strategy (Zahra and Pearce, 1990). Others, such as Thomas and Venkatraman (1988), suggest that the linkage between strategic group membership and performance is rather weak. The aim of our work was to analyse which strategies perform best in the Spanish hospitality industry.

The data analysed in our work appear to adequately support the literature. Results presented in Figure 1 show how each of the first three types of business strategy relate to business performance, and show significant differences to reactors. In addition, as predicted by theory, reactor and prospector business strategies are associated with inferior and superior performance respectively in all performance measures except in the measurement of profitability, where analysers were superior. However, in certain situations, when comparing performance across groups using ANOVA, we found that some differences were not significant. We now explain this situation.

“Prospectors have a strong concern for product and market innovation and attempt to pioneer in those areas” (Manu and Sriram, 1996, p. 80). They are mainly externally focused, but this behaviour also balances the signals and demands of the marketplace with internal skills and capabilities (Wright *et al.*, 1995). These strategies are usually associated with the availability of multiple options, low formalisation, great ambiguity in cause-effect relationships, and uncertainty in performance (Rajagopalan, 1996). In our study, the prospector strategy is followed by 20 percent of firms. As predicted by theory, significant differences are only found between the performance of reactors and the other three strategies, but performance by these three strategies did not differ significantly from one another. In addition, the prospector type shows the best performance in all cases, except in the explanation of profitability. This situation is also logical. As some authors have stated, this strategic type is usually not completely efficient because of its strong concern for product and market innovation. Thus, in our case the analysers perform better in this variable, but only in this one, and without statistical significance.

Analysers organisations are a hybrid of prospectors and defenders, which attempt to exploit new product and market opportunities while simultaneously maintaining the firm base of secure customers, products and skills. In the Spanish hospitality business, more than 44 percent of hotels follow this strategy. However, this kind of organisation cannot improve performance without taking into account other dimensions, such as the firm’s environment, or internal structures, and needs to act as defenders in other fundamental aspects of the organisation in order to be effective. The performance of this hybrid strategy is therefore better than that of reactors, but is usually lower than the other two types.

In contrast to prospectors, organisations selecting the defender strategy have a narrow product focus and stress production efficiency. Defenders emphasise cost-efficiency and therefore rely heavily on formal accounting procedures and cost control. They focus on the excellence of their products, the quality of their services, and their lower prices (Croteau *et al.*, 1999, p. 2). They are also defined by Miles and Snow (1978) as organisations operating in relatively stable environments, with few changes to their product-market domain. In our sample, this strategy is followed by 27 percent of hotels. They also perform better than reactors, but not as well as prospectors in all situations.

On the other hand, as reactors lack any articulated strategy and so do not have any consistent pattern of behaviour (Miles and Snow, 1978), this is not considered as a viable long-term strategy. Miles and Snow (1978) suggested that organisations were often forced into this strategy when their top managers were unable to develop the distinctive competences, organisational structures and management processes required by a particular strategy. As their name implies, reactors, which are inherently unstable, fail to react or adapt to environmental trends and as a result, often find themselves in crisis. However, some authors have suggested that they might show a late-mover-mode of operation that can often eclipse pioneer firms in markets (Bryman, 1997; Shankar *et al.*, 1998). Our results show that the reactor type is only followed by 9 percent of Spanish hotels. In addition, in all situations this strategy performs more badly than the others, although on some occasions the differences are not significant.

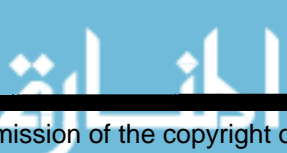
To sum up, our analysis shows that the best performing hotels in the Spanish hospitality industry are those that follow the first three types of strategies (prospectors, analysers, and defenders), and of these three, prospectors are almost always associated with superior performance. In contrast, and as predicted by theory, reactors are significantly associated with inferior performance in all performance measures. These findings should be taken into account by managers in their attempt to achieve a superior performance by their enterprises.

Inferences drawn from this study should take into account the limitations of our sample and the methodology used. Among the restrictions, we could emphasise the fact that qualitative data was used. However, according to Lyon *et al.* (2000, pp. 1058-1059), managerial perceptions supply the most precise evaluation of conditions within an enterprise. As Snow and Hambrick (1980) point out, the self-typing approach used to measure strategies is not without its shortcomings. Nevertheless, the extensive use of this methodology and the results of the work of Shortell and Zajac (1990) and Connant *et al.* (1990) justify its use.

Finally, we consider relevant the need for future research that could enrich our analysis. Further research might take the same perspective with different samples in the tourism sector, or could use different methodologies. For instance, Bowen and Wiersema (1999) propose methodological alternatives beyond cross-sectional methods, so systematic longitudinal methods might be used in future studies.

Notes

1. "Past studies on competing through services relied on a set of criteria for investigating the different aspects of a firm's competitive strategy" (Wong and Kwan, 2001, p. 295), and as a result various important contributions have been made to improving understanding of the area of strategy (e.g. Porter, 1980; Ginsberg and Venkatraman, 1985; Venkatraman, 1989).
2. For instance, although Miles and Snow (1978) originally identified their typology in their study of the textbook publishing, electronics, hospital, and food processing industries, Snow and Hrebiniak (1980) confirmed the typology in the automotive, plastics, air transport and semiconductor industries. Others such as Davig (1986), or Bahae (1992), examined the existence of Miles and Snow's four strategic orientations within the context of small firms, and similar work has also been undertaken in large enterprises.
3. As Pechlaner and Sauerwein (2002, p. 159) state, "the objective of strategic management is the creation of a future-oriented system that contains a balance of environmental and internal configuration". This framework is especially appropriate for this study because it views a firm as a complete and integrated system in dynamic interaction with its environment.
4. These are: entrepreneurial, referring to how the firm aligns itself with its environment; engineering, involving the way in which the organisation tries to coordinate and implement its strategies; and administrative, relating to the organisational structure and processes supporting entrepreneurial and engineering decisions. "By dealing with the organization as a whole, the adaptive cycle provides a means of conceptualizing the major elements of adaptation and visualizing the relationships between them" (Miles and Snow, 1978, p. 27).
5. Therefore, "it has been recognized for some time that managers in a wide variety of industries are rethinking their performance measurement systems" (Atkinson and Brander Brown, 2001, p. 128). Moreover, "in recent years, managers have been bombarded with numerous new performance measurement concepts" (Harris and Mongiello, 2001, p. 120).



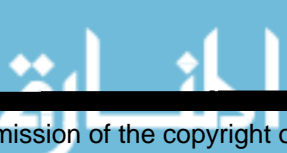
However, and despite the innumerable works that have focused on this question, there is not a satisfactory solution to the problem.

6. This characterisation is extensively used in the literature to reduce the complexity of structural models and facilitate the estimate that follows (Landis *et al.*, 2000). In the literature, authors use the mean or the sum as a composite variable. In our study we have used the sum, as it is the more usual procedure.
7. This validity indicates that the different items used to measure the concept are correlated among themselves (Churchill, 1979).
8. This analysis tries to ensure that the measurement process is going to give the same result, independently of the model (Hair *et al.*, 1998). Within the structural equation modelling framework, reliability has to be measured for each indicator (with R^2) and finally for the whole model (with construct reliability). R^2 is not greater than 0.5 for each indicator. In addition, the construct reliability is 0.67, lower than the ideal value of 0.7.

References

- Abernethy, M.A. and Guthrie, C.H. (1994), "An empirical assessment of the 'fit' between strategy and management information system design", *Accounting and Finance*, Vol. 34 No. 2, pp. 49-66.
- Ansoff, H.I. and Stewart, J.M. (1967), "Strategies for a technology-based business", *Harvard Business Review*, Vol. 45 No. 6, pp. 71-83.
- Appiah-Adu, K. and Singh, S. (1998), "Customer orientation and performance: a study of SMEs", *Management Decision*, Vol. 36 No. 6, pp. 385-94.
- Atkinson, H. and Brander Brown, J. (2001), "Rethinking performance measures: assessing progress in UK hotels", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 3, pp. 128-35.
- Bagozzi, R.P. (1981), "An examination of the validity of two models of attitude", *Multivariate Behavioral Research*, Vol. 16 No. 3, pp. 323-59.
- Bahaee, M.S. (1992), "Strategy-comprehensiveness. Fit and performance", *Australian Journal of Management*, Vol. 17 No. 2, pp. 196-215.
- Boeker, W. (1991), "Organizational strategy: an ecological perspective", *Academy of Management Journal*, Vol. 34 No. 1, pp. 613-35.
- Bollen, K.A. (1989), *Structural Equations with Latent Variables*, Wiley, New York, NY.
- Bowen, H.P. and Wiersema, M.F. (1999), "Matching methods to paradigm in strategy research: limitations of cross-sectional analysis and some methodological alternatives", *Strategic Management Journal*, Vol. 20 No. 1, pp. 625-36.
- Brock, D.M. (1997), "Strategy, autonomy, planning mode and effectiveness: a contingency study of business schools", *International Journal of Educational Management*, Vol. 11 No. 6, pp. 248-59.
- Bryman, A. (1997), "Animating the pioneer versus late-entrant debate in a historical case study", *Journal of Management Studies*, Vol. 34 No. 3, pp. 415-38.
- Camisón, C. (1999), "La medición de los resultados empresariales desde una óptica estratégica: construcción de un instrumento a partir de un estudio Delphi y aplicación a la empresa industrial española en el periodo 1983-96", *Revista de Contabilidad y Tributación*, Vol. 62, pp. 201-64.
- Campbell-Hunt, C. (2000), "What have we learned about generic competitive strategy? A meta-analysis", *Strategic Management Journal*, Vol. 21 No. 1, pp. 127-54.

- Chattopadhyay, P., Glick, W., Miller, C.C. and Huber, G. (1999), "Determinants of executive beliefs: comparing functional conditioning and social influence", *Strategic Management Journal*, Vol. 20 No. 8, pp. 763-89.
- Churchill, G.A. (1979), "A paradigm for developing better measures of marketing constructs", *Journal of Marketing Research*, Vol. 16 No. 1, pp. 64-73.
- Connant, J.S., Mokwa, M.P. and Varadarajan, P.R. (1990), "Strategic types, distinctive marketing competences and organizational performance: a multiple measures-based study", *Strategic Management Journal*, Vol. 11 No. 5, pp. 365-83.
- Croteau, A.A., Raymond, L. and Bergeron, F. (1999), "Testing the validity of Miles and Snow's typology", *Academy of Information and Management Sciences Journal*, Vol. 2 No. 2, pp. 1-7.
- Davig, W. (1986), "Business strategies in smaller manufacturing firms", *Journal of Small Business Management*, Vol. 24 No. 1, pp. 38-46.
- Day, G.S. and Nedungadi, P. (1994), "Managerial representation of competitive advantage", *Journal of Marketing*, Vol. 58, April, pp. 31-44.
- Dent, J.F. (1990), "Strategy, organisation and control: some possibilities for accounting research", *Accounting, Organisations and Society*, Vol. 15 No. 1/2, pp. 3-5.
- Dess, G.G. and Davis, P.S. (1984), "Porter's (1980) generic strategies as determinants of strategic group membership and organizational performance", *Academy of Management Journal*, Vol. 27 No. 3, pp. 467-88.
- Dess, G.G., Lumpkin, G.T. and Covin, J.C. (1997), "Entrepreneurial strategy making and firm performance: test of contingency and configurational models", *Strategic Management Journal*, Vol. 18 No. 1, pp. 677-95.
- Doty, D.H. and Glick, W.H. (1994), "Typologies as a unique form of theory building: toward improved understanding and modeling", *Academy of Management Review*, Vol. 19 No. 2, pp. 230-51.
- Galbraith, C. and Schendel, D. (1983), "An empirical analysis of strategic types", *Strategic Management Journal*, Vol. 4 No. 2, pp. 153-73.
- García Lillo, F. and Marco Lajara, B. (2002), "New venture competitive strategies and performance: an empirical study", *M@n@gement*, Vol. 5 No. 2, pp. 127-45.
- Ginsberg, A. and Venkatraman, N. (1985), "Contingency perspectives of organizational strategy: a critical review of empirical research", *Academy of Management Review*, Vol. 10 No. 3, pp. 421-34.
- Gupta, Y.P., Karimi, J. and Somers, T.M. (1997), "Alignment of a firm's competitive strategy and information technology management sophistication: the missing link", *IEEE Transactions on Engineering Management*, Vol. 44 No. 4, pp. 399-413.
- Hair, J.F., Anderson, R.E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis*, 5th ed., Prentice-Hall, Englewood Cliffs, NJ.
- Hambrick, D.C. (1983a), "High profit strategies in mature capital goods industries: a contingency approach", *Academy of Management Journal*, Vol. 26 No. 4, pp. 687-707.
- Hambrick, D.C. (1983b), "Some test of the effectiveness of functional attributes of Miles and Snow's strategic types", *Academy of Management Journal*, Vol. 26 No. 1, pp. 5-26.
- Harris, P.J. and Mongiello, M. (2001), "Key performance indicators in European hotel properties: general managers' choices and company profiles", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 3, pp. 120-7.
- Hofer, C.W. and Schendel, D.E. (1978), *Strategy Formulation: Analytical Concepts*, Free Press, New York, NY.



- Hrebiniak, L. and Joyce, W. (1985), "Organizational adaptation: strategic choice and environmental determinism", *Administrative Science Quarterly*, Vol. 35 No. 1, pp. 336-49.
- James, W.L. and Hatten, K.L. (1995), "Further evidence on the validity of the self-typing paragraph approach: Miles and Snow strategic archetypes in banking", *Strategic Management Journal*, Vol. 16 No. 2, pp. 161-8.
- Kald, M., Nilsson, F. and Rapp, B. (2000), "On strategy and management control: the importance of classifying business", *British Journal of Management*, Vol. 11 No. 1, pp. 197-212.
- Kelliher, C.I. and Riley, M. (2002), "Making functional flexibility stick: an assessment of the outcomes for stakeholders", *International Journal of Contemporary Hospitality Management*, Vol. 14 No. 5, pp. 237-42.
- Ketchen, D.J. Jr, Combs, J.G., Russell, C.J. and Shook, C. (1997), "Organizational configurations and performance: a meta-analysis", *Academy of Management Journal*, Vol. 40 No. 1, pp. 223-40.
- Kim, K. and Lim, Y. (1988), "Environment, generic strategies, and performance in a rapidly developing country: a taxonomic approach", *Academy of Management Journal*, Vol. 31 No. 4, pp. 802-27.
- Landis, R.S., Bela, D.J. and Tesluk, P.E. (2000), "A comparison of approaches to composite measures in structural equation models", *Organizational Research Methods*, Vol. 3 No. 2, pp. 186-207.
- Lyon, D.W., Lumpkin, G.T. and Dess, G.G. (2000), "Enhancing entrepreneurial orientation research: operationalizing and measuring a key strategic decision-making process", *Journal of Management*, Vol. 26 No. 5, pp. 1055-85.
- McDaniel, S.W. and Kolari, J.W. (1987), "Marketing strategy implications of the Miles and Snow strategic typology", *Journal of Marketing*, Vol. 51, October, pp. 19-30.
- McKee, D.O., Varadarajan, P.R. and Pride, W.M. (1989), "Strategic adaptability and firm performance: a market-contingent perspective", *Journal of Marketing*, Vol. 53, July, pp. 21-35.
- Manu, F.A. and Sriram, V. (1996), "Innovation, marketing strategy, environment and performance", *Journal of Business Research*, Vol. 35 No. 2, pp. 79-91.
- Matsuno, K. and Metzger, J.T. (2000), "The effects of strategy type on the market orientation-performance relationship", *Journal of Marketing*, Vol. 64, October, pp. 1-16.
- Miles, R.E. and Snow, C.C. (1978), *Organization Strategy, Structure and Process*, McGraw-Hill, New York, NY.
- Miles, R.E., Snow, C.C. and Sharfman, M. (1993), "Industry variety and performance", *Strategic Management Journal*, Vol. 14 No. 1, pp. 163-77.
- Miller, A. and Dess, G.G. (1993), "Assessing Porter's (1980) model in terms of its generalizability, accuracy and simplicity", *Journal of Management Studies*, Vol. 30 No. 4, pp. 553-85.
- Miller, D. and Friesen, P.H. (1984), *Organizations: A Quantum View*, Prentice-Hall, Englewood Cliffs, NJ.
- Mintzberg, H. (1973), "Strategy making in three modes", *California Management Review*, Vol. 16 No. 2, pp. 44-53.
- Mitchell, W. (1991), "Dual clocks: entry order influences on incumbent and newcomer market share and survival when specialized assets retain their value", *Strategic Management Journal*, Vol. 12 No. 2, pp. 85-100.
- Okumus, F. (2001), "Towards a strategy implementation framework", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 7, pp. 327-38.

- Okumus, F. (2002), "Can hospitality researchers contribute to the strategic management literature?", *International Journal of Hospitality Management*, Vol. 21 No. 2, pp. 105-10.
- O'Regan, N. and Ghobadian, A. (2002), "Formal strategic planning. The key to effective business process management?", *Business Process Management Journal*, Vol. 8 No. 5, pp. 416-29.
- Ostroff, C. and Schmitt, N. (1993), "Configurations of organizational effectiveness and efficiency", *Academy of Management Journal*, Vol. 36 No. 6, pp. 1345-61.
- Parnell, J.A. and Wright, P. (1993), "Generic strategy and performance: an empirical test of the Miles and Snow typology", *British Journal of Management*, Vol. 4 No. 2, pp. 29-36.
- Pechlaner, H. and Sauerwein, E. (2002), "Strategy implementation in the Alpine tourism industry", *International Journal of Contemporary Hospitality Management*, Vol. 14 No. 4, pp. 157-68.
- Porter, M.E. (1980), *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, The Free Press, New York, NY.
- Rajagopalan, N. (1996), "Strategic orientations, incentive plan adoptions and firm performance: evidence from electric utility firms", *Strategic Management Journal*, Vol. 18 No. 1, pp. 761-85.
- Robinson, R.B. and Pearce, J.A. (1988), "Planned patterns of strategic behavior and their relationship to business-unit performance", *Strategic Management Journal*, Vol. 9 No. 2, pp. 43-60.
- Robinson, W.T., Fornell, C. and Sullivan, M. (1992), "Are market pioneers intrinsically stronger than late entrants?", *Strategic Management Journal*, Vol. 13 No. 1, pp. 609-24.
- Schenk, U.W. (1994), "Technology strategies and the Miles and Snow typology: a study of the biotechnology industries", *R&D Management*, Vol. 24 No. 1, pp. 57-64.
- Segev, E. (1987), "Strategy, strategy making and performance: an empirical investigation", *Management Science*, Vol. 33 No. 2, pp. 258-69.
- Segev, E. (1989), "A systematic comparative analysis of two business-level strategic typologies", *Strategic Management Journal*, Vol. 10 No. 2, pp. 487-505.
- Shankar, V., Carpenter, G.S. and Krishnamurthi, L. (1998), "Late-mover advantage: how innovative late entrants outsell pioneers", *Journal of Marketing Research*, Vol. 35, February, pp. 54-70.
- Shortell, S.M. and Zajac, E.J. (1990), "Perceptual and archival measures of Miles and Snow's strategic types: a comprehensive assessment of reliability and validity", *Academy of Management Journal*, Vol. 33 No. 4, pp. 817-32.
- Slater, S.F. and Narver, J.C. (1993), "Product-market strategy and performance: an analysis of the Miles and Snow strategy types", *European Journal of Marketing*, Vol. 27 No. 10, pp. 33-51.
- Slater, S.F. and Olson, E.M. (2000), "Strategy type and performance: the influence of salesforce management", *Strategic Management Journal*, Vol. 21 No. 2, pp. 813-29.
- Smith, K.G., Guthrie, J.P. and Chen, M. (1986), "Miles and Snow's typology of strategy, organizational size and organizational performance", *Academy of Management Proceedings*, Academy of Management, New York, NY, pp. 45-9.
- Smith, K.G., Guthrie, J.P. and Chen, M. (1989), "Strategy, size and performance", *Organizational Studies*, Vol. 10 No. 1, pp. 63-81.
- Snow, C.C. and Hambrick, D.C. (1980), "Measuring organisational strategies: some theoretical and methodological problems", *Academy of Management Review*, Vol. 5 No. 4, pp. 527-38.

- Spanos, Y.E. and Lioukas, S. (2001), "An examination into the causal logic of rent generation: contrasting Porter's competitive strategy framework and the resource-based perspective", *Strategic Management Journal*, Vol. 22 No. 2, pp. 907-34.
- Stathakolopoulos, V. (1998), "Enhancing the performance of marketing managers: aligning strategy, structure and evaluation systems", *European Journal of Marketing*, Vol. 32 No. 5/6, pp. 536-58.
- Summer, C.E., Bettis, R.A., Duhaime, I.H., Grant, J.H., Hambrick, D.C., Snow, C.C. and Zeithaml, C.P. (1990), "Doctoral education in the field of business policy and strategy", *Journal of Management*, Vol. 16 No. 2, pp. 361-98.
- Thomas, H. and Venkatraman, N. (1988), "Research in strategic groups: progress and prognosis", *Journal of Management Studies*, Vol. 6 No. 1, pp. 537-56.
- Tsui, A.S. (1990), "A multiple-constituency model of effectiveness: an empirical examination at the human resource submit level", *Administrative Science Quarterly*, Vol. 35 No. 2, pp. 458-83.
- Venkatraman, N. (1986), "An exploratory test of Miles and Snow's theory of strategic adaptation", paper presented at the 46th Academy of Management Meeting, Chicago, IL.
- Venkatraman, N. (1989), "Strategic orientation of business enterprises: the construct, dimensionality and measurement", *Management Science*, Vol. 35 No. 8, pp. 942-62.
- Venkatraman, N. and Ramanujam, V. (1986), "Measurement of business performance in strategic research: a comparison approach", *Academy of Management Review*, Vol. 11 No. 4, pp. 801-14.
- Watson, S. and Drummond, D. (2002), "A strategic perspective to human resource development in Scottish tourism", *International Journal of Contemporary Hospitality Management*, Vol. 14 No. 5, pp. 253-4.
- Williams, C.E. and Tse, E.C.Y. (1995), "The relationship between strategy and entrepreneurship. The US restaurant sector", *International Journal of Contemporary Hospitality Management*, Vol. 7 No. 1, pp. 22-6.
- Wong, K.K.F. and Kwan, C. (2001), "An analysis of the competitive strategies of hotels and travel agents in Hong Kong and Singapore", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 6, pp. 239-303.
- Wright, P., Kroll, M., Pray, B. and Lado, A. (1995), "Strategic orientations, competitive advantage and business performance", *Journal of Business Research*, Vol. 33 No. 2, pp. 143-51.
- Zahra, S.A. and Pearce, J.A. II (1990), "Research evidence on the Miles and Snow typology", *Journal of Management*, Vol. 16 No. 4, pp. 751-68.
- Zajac, E.J. and Shortell, S.M. (1989), "Changing generic strategies: likelihood, direction and performance implications", *Strategic Management Journal*, Vol. 10 No. 1, pp. 413-30.

Further reading

- Andrews, K.R. (1971), *The Concept of Corporate Strategy*, Dow-Jones-Irwin, Homewood, IL.
- Bagozzi, R.P. and Phillips, L.W. (1982), "Representing and testing organizational theories: a holistic construct", *Administrative Science Quarterly*, Vol. 27 No. 3, pp. 459-89.
- Cranage, D. (2003), "Practical time series forecasting for the hospitality manager", *International Journal of Contemporary Hospitality Management*, Vol. 15 No. 2, pp. 86-93.
- Gerbing, D.W. and Anderson, J.C. (1988), "An updated paradigm for scale development incorporating unidimensionality and its assessment", *Journal of Marketing Research*, Vol. 25 No. 2, pp. 186-92.

- Grant, R.M. (1998), *Comporary Strategy Analysis: Concepts, Techniques, Applications*, 3rd ed., Blackwell Publishers, Oxford.
- Hambrick, D.C. (1981), "Environment strategy and power within top management teams", *Administrative Science Quarterly*, Vol. 26 No. 2, pp. 253-76.
- Kinnear, T.C. and Taylor, J. (1991), *Marketing Research: An Applied Approach*, 4th ed., McGraw-Hill, New York, NY.
- Kristof-Brown, A., Barrick, M.R. and Franke, M. (2002), "Applicant impression management: dispositional influences and consequences for recruiter perceptions of fit and similarity", *Journal of Management*, Vol. 28 No. 1, pp. 27-46.
- Mathews, V.E. (2000), "Competition in the international industry", *International Journal of Contemporary Hospitality Management*, Vol. 12 No. 2, pp. 114-18.
- Pizam, A. and Mansfeld, Y. (1999), *Consumer Behavior in Travel and Tourism*, The Haworth Hospitality Press, New York, NY.
- Satorra, A. and Bentler, P.M. (1994), "Corrections to test statistics and standard error in covariance structure analysis", in von Eye, A. and Clogg, C.C. (Eds), *Latent Variables Analysis: Applications for Developmental Research*, Sage, Thousand Oaks, CA, pp. 399-419.
- Satorra, A. and Bentler, P.M. (2001), "A scaled difference chi-square test statistic for moment structure analysis", *Psychometrika*, Vol. 66 No. 4, pp. 507-14.
- Selznick, P. (1957), *Leadership in Administration: A Social Interpretation*, Harper & Row, New York, NY.
- Speed, R. (1993), "Maximizing the potential of strategic typologies of marketing strategy research", *Journal of Strategic Marketing*, Vol. 1 No. 1, pp. 171-88.