



Strategic planning practices in the Greek hospitality industry

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Abstract

Purpose – This paper aims to investigate the nature and extent of strategic planning in the Greek hospitality industry and its outcomes based on Greek managers' views.

Design/methodology/approach – Although the concept of strategic planning and its dimensions have been widely discussed in previous literature, research has mainly focused on well-developed countries and established sectors. However, there is a limited research in less developed countries like Greece and under-researched sectors like the hospitality industry. This paper aims to give some insights into the nature and extent of use of strategic planning processes and its positive outcomes in the Greek hospitality industry through a study based on a sample of 21 Greek five-star hotels.

Findings – The main findings of the paper concern with some major strategic planning dimensions: planning formality, functional coverage, internal and external orientation, centralization and time horizon of planning. Additionally, the study highlights the positive outcomes/benefits of planning according to managers' views, as well as the financial performance of the Greek five-star hotels that are examined. Descriptive results are presented and the respondents' individual characteristics are outlined.

Research limitations/implications – The study provides a benchmark for the measurement of strategic planning and the benefits derived from planning in the Greek hospitality industry, a critical sector for the Greek economy.

Originality/value – The article contributes in the extensive literature on strategic planning, by discussing the development of strategic planning practices in Greek hotels, which operate in a highly uncertain environment.

Keywords Performance, Greece, Hospitality, Hotel, Strategic planning

Paper type Research paper

Received 6 August 2012
Revised 25 April 2013
Accepted 26 April 2013

Introduction

In recent years, the attention of both academics and executives has been focused on incorporating management processes through strategic planning. This may be due to several reasons, such as the continuously growing uncertainty in the competitive environment, the economic and political instability, the evolution of sophisticated business organizations and the fast and constant changes occurring in the global marketplace. The importance of planning can be further supported as “strategic planning is described as the process of determining the mission, major objectives, strategies and policies that govern the acquisition and allocation of resources to attain organizational goals” (Pearce *et al.*, 1987, p. 658).

Nanus and Lundberg (1988, p. 18) suggest that:

[...] strategy has become a byword for the hospitality industry. Strategy is the basis of a firm's decision-making processes on issues ranging from market position to personnel policies. Such issues are critical for the hospitality industry, as they are in most of the industries that operate in highly competitive environments.



European Business Review
Vol. 25 No. 6, 2013
pp. 571-587
© Emerald Group Publishing Limited
0955-534X
DOI 10.1108/EBR-08-2012-0045

However, Nanus and Lundberg (1988) continue by arguing that in the constantly changing environments, creating a winning strategy is not a one-time event, since a good strategy today might not be successful tomorrow. Changes in the business environment are leading to new and greater demands on strategic planning systems. Moreover, given that strategic planning's purpose is to improve strategic performance, improving, assessing and monitoring the effectiveness of the strategic planning process would appear to be a key managerial task. Effective strategic planning clearly requires defined and achievable goals, systematic integration of a number of sequential activities, and above all, commitment to implement the plan. Planning and performance literature has mainly focused on highly industrialized countries like the USA, the UK, Canada, Australia and Japan (Glaister *et al.*, 2008; Koufopoulos *et al.*, 2005; Koufopoulos and Morgan, 1994), while there is limited literature in less developed countries and in sectors that are under-researched.

Although strategic planning procedures have been widely adopted, their dimensions, roles and impact to the effectiveness of the overall organization are still under dispute. In this respect, the aim of this paper is to provide insights about the use of strategic planning and the level of understanding of its dimensions by the managers in the Greek hospitality industry. Furthermore, there is an effort to examine the organizational benefits accruing in the hospitality industry. The study involves a questionnaire-based survey of general managers from the five-star hotels operating in Greece.

Literature review

The Greek economy and the Greek hospitality industry

Greece has been a member of the European Union since 1981, a founding member of the OECD, and one of the 12 countries that joined the Euro-zone in January 2001. Nevertheless, Greece has been categorized as an emerging or developing economy (Hoskisson *et al.*, 2000). Elaborating on this, it should be stated that although Greece was placed in the 26th position of most developed or richer countries in the world based on the GDP (World Bank, 2007), it was relatively poor compared to the peer 15 European countries holding the ninth position (IMF, 2008).

According to OECD (2007) data, Greece has a market economy with \$27,232 GDP per capita, while the tourism industry provides 15.9 percent of the GDP (WTTC, 2009). It is clear that uncertainty in Greece is much higher than its counterparts in the European Union and therefore, Greece with an unstable and turbulent environment is an ideal country for the examination of the strategic planning practices.

Strategic planning

There are various definitions given over time to explain the term strategic planning. Steiner (1979, p. 16) suggests that:

[...] strategic planning is not a simple aggregation of functional plans or an extrapolation of current budgets. It is truly a systems approach to manoeuvring an enterprise over time through the uncertain waters of its changing environment to achieve prescribed aims.

Athiyaman and Robertson (1995) argue that there are several planning systems used by businesses in order to manage change and these systems have evolved in order to cope with the continuously changing business environment. Moreover, in a more philosophical but interesting approach, Albrecht (2002) argues that in the context of

strategic planning and by focusing on performance, it is important to understand what the company is capable of doing well. Therefore, he suggests that no matter what the planning systems are, revisiting the vision and the mission can turn out to be useful, as these are supposed to define the business. This idea is reinforced by Koufopoulos and Morgan (1994), who argue that:

[...] most of the normative models developed in the area of strategic management, emphasize the importance of a mission statement as a key element in the strategic planning process and an obvious starting point for planning activities.

Phillips and Moutinho (1999) assert that in the hotel sector, the use of strategic plans and techniques increase the company effectiveness. Furthermore, Athiyaman and Robertson (1995) found that the strategic planning tools and techniques adopted by tourism firms are of equal sophistication to those used by manufacturing firms.

As stated by Dincer *et al.* (2006), an effective strategic planning system for a firm will link long-range strategic goals with both mid-range and operational plans. Strategic planning can be thought of in terms of certain dimensions that exist and determine the effectiveness of the process. There are various dimensions explored by researchers to discuss and analyze the process of strategic planning (Koufopoulos, 2002). In this paper, five of them will be discussed which are planning formality, functional coverage, internal and external orientation, the centralization of the process and the time horizon of planning.

Planning formality

Planning formality is referred to as one of the most significant characteristics of the planning process. Armstrong (1982) has defined formal strategic planning as a process for determining the firm's long-range objectives and generating and evaluating alternative strategies, as well as a system for monitoring the outcomes of the plan when executed. Formality has been assessed by items such as the degree of planning manual usage, the amount of emphasis on developing written plans (Ramanujam and Venkatraman, 1987), and the length of the planning horizon (Bantel, 1993). According to Brinckmann *et al.* (2010) and by following the resource dependence view, firms depend on their environment to provide them with critical resources. Thus, the authors suggest that formal written plans can serve to gain legitimization from external shareholders, which can be a critical factor for the survival and growth of the firm. In addition they suggest that written documentation can also help firms communicate their goals, strategies and operational tasks to internal and external stakeholders.

Moreover, Yasai-Ardekani and Haug (1997) argue that organizations that operate in highly competitive environments tend to use practices that give emphasis to flexibility in their structures. In other words, high levels of competition may cause avoidance of the formalized structuring of planning processes such as extensive use of documentation, planning review schedules and timetables as guiding mechanisms for development of strategies and evaluation and control of strategy implementation. Formalized planning is harder to exist in unstable environments, as constant and unpredictable changes can be a strong barrier. Grinyer *et al.* (1986) believe that such bureaucratic structures may be more often found in organizations that operate in non-competitive environments, with more stable environmental conditions. However, this is not always the case, as formality can also appear helpful in highly competitive environments:

If the discipline associated with high levels of formality brings about systematic futuristic thinking, then higher planning formality may possibly be beneficial for organizations that operate in highly competitive environments and may enable them to meet competitive threats more systematically (Yasai-Ardekani and Haug, 1997, pp. 731-732).

According to Athiyaman and Robertson (1995) tourism organizations are particularly sensitive to environmental threats.

Functional coverage

Ramanujam and Venkatraman (1987, p. 455) define as functional coverage “the extent of coverage given to different functional areas with a view to integrating different functional requirements into a general management perspective”. Ramanujam *et al.* (1986) argue that functional coverage can vary because of strategic differences in the competitive postures of firms in an industry. The authors state that some firms might give emphasis on the basis of price and volume, while others may emphasize on product differentiation and customer service. In cases where the general management is the key success factor, a balanced emphasis on all functions may be more appropriate.

Internal and external orientation

Another dimension that captures the level of strategic planning is the internal and external orientation of the company, which is analyzed in the following parts. Ramanujam and Venkatraman (1987, p. 455) argue that:

[...] if a formal planning process is to assist in strategy development, as opposed to being a mere number-crunching exercise, then it must include mechanisms for performing the classical SWOT (i.e. strengths, weaknesses, opportunities, threats) analysis in a meaningful and comprehensive manner.

Consequently, internal and external orientations are considered as essential factors during the strategic planning process. Oreja-Rodríguez and Yanes-Estévez (2007), in their study on hotels located in the Canary Islands, argued that the analysis of the environment is considered an important step in the strategic management process within tourism area and claimed that its benefits have been well documented. They further explain that these benefits could be summarized as the result of performing an analysis of opportunities and threats which would help an organization generate a sustainable competitive advantage.

Duncan (1972) defined the internal environment as:

[...] those relevant physical and social factors within the boundaries of the organization or specific decision unit that are taken directly into consideration in the decision-making behaviour of individuals in that system.

Further description of the internal orientation is given by Camillus and Venkatraman (1984) that refer to this particular characteristic of strategic planning systems as, “the extent of attention devoted to an organization’s recent history and current situation, past performance, and analysis of strengths and weaknesses”.

On the other hand, Duncan (1972) described the external environment as “those relevant and social factors outside the boundaries of the organization or specific decision unit that are taken directly into consideration”. In addition, Kargar and Parnell (1996) mention that “external orientation is the ability to obtain reliable and

timely research information in order to learn about external environmental opportunities and threats". Harrington (2004) states that external environmental variables have been utilized extensively in the study of general business, strategy and organizational theory but to lesser extent in hospitality research, however, although the study is associated with hospitality research, it is important to include external orientation, as a significant dimension of planning.

Centralization process

Centralization is considered as the planning responsibility of different management levels depending on the needs of the organization, mainly determined by the nature of the environment. Kukalis (1991) suggests that as the environment becomes more complex the strategic planning is more centralized, whereas in a relatively simple environment the corporate planning staff has a higher level of participation. Yasai-Ardekani and Haug (1997) argue that CEOs, top management and line management get more involved when there is high demand for proactiveness and speed of adjustment in conditions of high competitive pressure. On one hand, line management interfaces closer with the market and is more aware of the competitive conditions. On the other hand CEOs and top management assures better control over the organization's central direction. Consequently, centralization of the planning process has to do with the nature of the environmental factors and its level of complexity and stability.

Organizational planning benefits

Ackoff (1974) defined as organizational planning benefits, the potential benefits that appear to organizations after engaging in the process of strategic planning. Hrebiniak and Joyce (1984) identify two categories of positive planning outcomes that are indicative of the cognitive and technical competencies forwarded by an effective strategy process, named utilitarian and psychological. "Utilitarian benefits typify functional outcomes that reflect the economic, as well as the technical, learning-based outcomes of planning that represent an organization's strategic capability". On the other hand they refer to psychological benefits as the "attitudinal outcomes of engaging in the strategic planning process, reflecting the perceptions and values of management as they relate to the organization". Gerbing *et al.* (1994) suggests that these benefits are crucial for an organization. They believe that apart from contributing positively to the financial performance, these benefits might also be essential for the strategic welfare of the whole organization. These benefits show the ability of an organization to solve its strategic problems.

Hotel performance

Venkatraman and Ramanujam (1986) state that performance improvement is a central aim of strategic management. Ramanujam and Venkatraman (1987) argue, however, that a review of the literature suggests that no clear definition of excellence of performance exist. They also suggest that there is not a single indicator of performance that can evaluate organizational performance efficiently. In addition, Rudd *et al.* (2008) claim that financially based assessments of performance are no longer sufficient to manage organizations competing in modern markets. Furthermore, it is worth mentioning that Rudd *et al.* (2008) argue, based on a review of other studies,

that although there is support for a positive relationship of strategic planning to performance, there are also studies that have shown that no such relationship exists.

Changes in hotel markets are leading to new and greater reliance on performance measurement. Poor measures can harm competitiveness and financial performance. Phillips (1999a, b) believes that:

[...] the existing measurement of hotels' performance focuses on the financial indicators of performance and other approaches are not implemented. However, to date there has been a paucity of academic research to assess the appropriateness of existing hotel performance measure systems in use.

Methodology

The primary purpose of the current study is to measure the strategic planning dimensions discussed in the literature and to investigate any associations among them. A further aim of the study was to examine whether these dimensions are related with organizational planning benefits, based on managing directors' perceptions, and with business performance. However, due to the low response rate, the study focused on the descriptive findings of the strategic dimensions, the organizational benefits and also on the demographic characteristics of the managing directors in the Greek hospitality industry.

Measurements

The survey was carried out via the use of postal questionnaires. Question items were based on the literature review of strategic planning process, executive's satisfaction from planning and business performance. Primary research was conducted, by collecting information from the general managers of Greek five-star hotels. The questionnaire consisted of four sections. Planning formality, functional coverage, internal and external orientation, centralization of the strategic planning process and time horizon of planning are the five dimensions of strategic planning measured in the first part. The second part examined the executives' satisfaction with the strategic planning of their hotels. The third section asked managers' perception of financial performance based on turnover, growth in earnings, changes in market share, return on investment and the average occupancy rate. The last section asked the managers for some of their personal characteristics (i.e. age, educational background and tenure in company).

Both planning formality (Pearce *et al.*, 1987) and functional coverage (Ramanujam and Venkatraman, 1987) were measured with six items. Camillus and Venkatraman (1984) contributed to the formation of the seven questions for the internal and external orientation. Six questions were asked to measure the centralization process (Koufopoulos and Chrysochoidis, 2000). It should be mentioned at this point that these questions were based on a five-point Likert scale. Not applicable (N/A) was also an option for answer to the questions concerning functional coverage. For the planning horizon there were four options to choose from: less than one year, one year, more than one year and less than five, and finally five or more years (Rhyne, 1986). Moreover, executive's level of satisfaction was measured with 24 questions based on Gerbing *et al.* (1994). The indicators of financial performance were chosen and measured according to Koufopoulos *et al.* (2005) except the average occupancy rate which was adopted from Phillips (1999). These indicators were again measured with a five-point Likert scale

based on manager's perception and not with the actual data of each company. Furthermore, there were three questions asking personal characteristics of the managing directors which concerned their educational background, age and years holding their position in the company.

Sample

A postal survey method was used for the research and was collected by means of questionnaire. The sample size used was 124 five-star Greek hotels based on the Greek National Tourism Organization (2006) site. The whole list of GNTTO five-star hotels was used, being the 1.3 percent of total population (9,049) (www.gntto.gr/pages.php?pageID=29&langID=2). All categories of hotels are included in this population, even the furnished apartments which account for the majority of the hotels. The main reason for choosing only the five-star hotels is that although they are not representative of the whole population, it was assumed that the biggest hotels would more likely follow a formalized strategic planning process. The questionnaires were sent to the managing directors of the hotels and they had a structured format. The managing directors of the hotels were chosen to be surveyed as the issues examined require management knowledge, good understanding of the questionnaire and most importantly deep knowledge of the hotels' strategic planning process. Managing directors were considered for these reasons to be the most appropriate persons in their companies to be surveyed.

The survey took place in a period of approximately four months, with questionnaires being sent in a total of three waves. The 124 questionnaires were sent in late June of 2006 and a reminder was sent in September. Moreover, the questionnaire was resent to the hotels in late October. They were sent in English (it is expected that the majority of managers are familiar with the international business language) along with a covering letter addressed personally to the general manager. From the total of 124 questionnaires, 21 (16.9 percent) were returned which unfortunately becomes a major limitation for the study.

Discussion of the findings

The findings are presented in two parts; the first discusses the managers' personal characteristics and the second refers to the results related to the dimensions of strategic planning, the outcome of planning and the financial performance of the hotels.

Managers demographics

The demographic characteristics captured for the Greek hotel managers included manager's age, educational background and the years that they hold their position in their company.

It was found that managers in Greek hotels hold bachelor's degrees and some of them postgraduate degrees. The 86 percent of the managers have at least a bachelor's degree, which is a similar percentage with Koufopoulos' (2002) survey, which found 93.6 percent for the managers in the Greek manufacturing and service industry. Hitt and Tyler (1991) argue that the strategic decision-making process is influenced by the academic degrees held by managers. Koufopoulos (2002) also found that Greek manufacturing and service managers are around 45 years old, which is again the same as the 67 percent of the managers in the Greek hospitality industry. Child (1974)

suggests that managers of a younger age tend to be more risk-oriented and they have been related with corporate growth and innovation strategies. Moreover, Hofer (1980) suggested that relatively new managers appear to be more successful in turnaround strategies. It was found that 52 percent of the managers hold their position in their companies for less than five years.

Planning formality

Planning formality had an average of 4.01 (Table I). Phillips (1998) found that from all the dimensions that he examined in the UK hotel sector, planning formality was the most effective, which agrees with the high ranking of the current study. He also suggests that “this is not surprising since formalization is generally used as an indicator of the ‘fullness’ of plans produced” (Phillips, 1998). Formal planning is believed by many authors to lead to increased strategic effectiveness (Powell, 1992; Hart and Banbury, 1994) and financial performance (Pearce *et al.*, 1987; Lyles *et al.*, 1993). Phillips (1998) argues that formalization makes the planning activity compulsory and ensures that it is performed regularly. 67 percent of the respondents use a short range profit plan of approximately one year. Moreover, there has been a discussion from a number of authors, on whether formality increases in a highly competitive and turbulent environment and yet, there is not a clear answer. In Greece, a highly turbulent environment and with the hospitality sector being very competitive, managers seem to use formalized planning processes. This finding agrees to Falshaw *et al.* (2006) who found that, for their sample of 113 UK companies, the formality of an organization’s planning system increases with increasing environmental turbulence.

Planning formality	Mean	SD	Little emphasis				Great emphasis (5)	N/A (0)
			(1)	(2)	(3)	(4)		
The company has a short-range profit plan	3.33	1.42	2 (9.5)	5 (23.8)	5 (23.8)	2 (9.5)	7 (33.3)	–
The company has a planning process such that the final plans are accepted by those responsible for their attainment	3.90	1.09	–	2 (9.5)	7 (33.3)	3 (14.3)	9 (42.9)	–
There is a person or group whose prime responsibility is to coordinate a company-wide strategic planning effort	4.23	1.09	1 (4.8)	1 (4.8)	1 (4.8)	7 (33.3)	11 (52.4)	–
The company’s top management has developed a climate in the company, which supports the planning effort	4.09	0.88	–	1 (4.8)	4 (19.0)	8 (38.1)	8 (38.1)	–
The company’s top management has developed a formal statement of what business the company is in or wants to be in	4.52	0.60	–	–	1 (4.8)	8 (38.1)	12 (57.1)	–
The company’s plans are used to judge managerial performance ^a	4.00	1.07	–	3 (15.0)	2 (10.0)	7 (35.0)	8 (40.0)	–

Table I.
Planning formality

Notes: $n = 21$; ^a $n = 20$

Functional coverage

In contrast to Phillips' study (1998), for which functional coverage scored the lowest of the dimensions, in the current study it has a high mean of 4.0 (Table II). This statement comes true if we take into account the relation of functional coverage to business performance that has been stated by several authors (Bracker and Pearson, 1986; Robinson and Pearce, 1988; Odom and Boxx, 1988). More specifically, Greek managers' responses showed that all functions are really important for their planning process scoring above average and very high. The lowest rankings were research and development (3.35) and computers and MIS (3.80).

Internal and external orientation

Internal orientation seems to be of great importance to the managers, as the average of the responses (4.39) was the highest among the scores of all dimensions (Table III). The MD responses reveal that SP in their organizations place great emphasis to all the internal resources of their company and try to allocate them in the most effective way. The most important factor for the managing directors is that of customer services. Finally, attention to human resources issues also scored high (4.23).

The results show that major emphasis is also given to the external factors of the highly unstable and competitive environment of the Greek hospitality industry with

	Mean	SD	Little emphasis				Great emphasis	N/A
			(1)	(2)	(3)	(4)	(5)	(0)
Marketing function ^a	4.25	0.63	–	–	2 (10.0)	11 (55.0)	7 (35.0)	–
Operations/ manufacturing function ^a	4.35	0.67	–	–	2 (10.0)	9 (45.0)	9 (45.0)	–
Finance function ^a	4.25	0.78	–	–	4 (20.0)	7 (35.0)	9 (45.0)	–
Personnel function ^a	4.05	0.82	–	1 (5.0)	3 (15.0)	10 (50.0)	6 (30.0)	–
Purchasing/ procurement function ^a	4.00	0.64	–	–	4 (20.0)	12 (60.0)	4 (20.0)	–
R&D/technology ^a	3.35	1.08	1 (5.0)	4 (20.0)	4 (20.0)	9 (45.0)	2 (10.0)	–
Computers and MIS ^a	3.80	0.95	1 (5.0)	–	5 (25.0)	10 (50.0)	4 (20.0)	–

Notes: $n = 21$; ^a $n = 20$

Table II.
Functional coverage

	Mean	SD	Little emphasis				Great emphasis	N/A
			(1)	(2)	(3)	(4)	(5)	(0)
Customer services	4.85	0.35	–	–	–	3 (14.3)	18 (85.7)	–
Efficiency of operating processes	4.42	0.59	–	–	1 (4.8)	10 (47.6)	10 (47.6)	–
Attracting and retaining high-quality employees	4.23	0.88	–	1 (4.8)	3 (14.3)	7 (33.3)	10 (47.6)	–
Analysis of financial strengths and weaknesses	4.04	0.97	–	1 (4.8)	6 (28.6)	5 (23.8)	9 (42.9)	–

Note: $n = 21$

Table III.
Internal orientation

a mean of 3.90 (Table IV). Harrison (2003) proposes that evaluating each component of the broad environment and the use of this information can be used to create competitive advantage. In contradiction to that, Dincer *et al.* (2006), who conducted a research in 135 Turkish large firms, a relatively unstable environment, found that in 57 percent of their sample firms, there is not a person or a group with specific responsibility for identifying environmental opportunities and threats. In the current study, performing market research and the analysis of the competitors scored very high with a mean of 3.85 and 4.19, respectively. Finally, the high emphasis given in market research shows that, Greek managers value customer power.

Centralization process

Centralization scored above average with a mean of 3.62 (Table V). All high levels of management scored highly, with board of directors' involvement (4.04) being considerably lower than the CEO's (4.76). This means that even among the leaders of the Greek hotels, there is a CEO having the main role for taking decisions about the strategic planning processes who gives some responsibilities to the high levels of the hierarchy. Middle and lower level management do not appear active in the process as they have a mean way below average (2.47). Furthermore, the help of external consultants appears low with the lowest ranking of 1.76. It seems-based on the low score that this variable attracted – that planning process in Greek hotels do not actively engage external consultants.

Table IV.
External orientation

	Mean	SD	Little emphasis (1)	(2)	(3)	(4)	Great emphasis (5)	N/A (0)
Analysis of investment opportunities	3.66	0.79	–	1 (4.8)	8 (38.1)	9 (42.9)	3 (14.3)	–
Analysis of competition	4.19	0.67	–	–	3 (14.3)	11 (52.4)	7 (33.3)	–
Performing market research	3.85	1.01	1 (4.8)	–	6 (28.6)	8 (38.1)	6 (28.6)	–

Note: $n = 21$

Table V.
Centralization process

	Mean	SD	Little emphasis (1)	(2)	(3)	(4)	Great emphasis (5)	N/A (0)
Board of directors	4.04	1.35	2 (9.5)	1 (4.8)	3 (14.3)	3 (14.3)	12 (57.1)	–
CEO	4.76	0.53	–	–	1 (4.8)	3 (14.3)	17 (80.9)	–
Planning committee	3.28	1.82	2 (9.5)	–	4 (19.0)	5 (23.8)	7 (33.3)	3 (14.3)
Groups of senior managers	3.80	1.12	–	–	5 (23.8)	10 (47.6)	5 (23.8)	1 (4.8)
Middle/lower management	2.47	1.07	3 (14.3)	5 (23.8)	9 (42.9)	3 (14.3)	–	1 (4.8)
External consultants (reversed)	3.38	1.80	–	3 (14.3)	4 (19.0)	2 (9.5)	9 (42.9)	3 (14.3)

Note: $n = 21$

Planning horizon

16 out of 21 (76 percent) of the managers replied that they plan by having a time horizon of more than one year and less than five. Aldehayyat (2011), in a similar study on Jordanian hotels, found that the mean for the strategic planning horizon is 3.1 years. The same author had found a mean of 3.3 in an earlier study of Jordanian companies in 2006. A main reason for the short-range planning in Greece has been justified by Koufopoulos (2002) stating that it is a country that can be characterized by higher uncertainty and in a transitional stage of development.

Positive outcomes/benefits from strategic planning

Greek managers showed in general their agreement to all the possible benefits from the planning process, by forming a mean above the average for all the items examined. The overall benefits ranked 3.56 (Table VI), which is a high mean. These results show that managers should expect two categories of effects on their hotels when they are engaged to the planning process. The items capturing the organizational benefits were classified in five facets found by Gerbing *et al.* (1994). All the facets scored highly with coordination being the highest variable with a score of 4.03. The adherence to strategic plans had a low mean (2.17) but the questions were asked in a reversed way, so the benefits from the adherence are again high. Gerbing *et al.* (1994) argue that “firstly management participation results in the attainment of higher levels of positive attitudes that are indicative of managers’ emotional commitment to strategic plans and to the firm”. The second category of outcomes according to Gerbing *et al.* (1994) is that:

[...] the organizational skills and processes fostered by planning can be considered organizational traits associated with effective strategic thinking and capabilities, which are representative of the propensity for successful strategy formation and implementation.

As a final point it would be interesting to state what Koufopoulos (2002) found: “executives in Greece do perceive that the outcomes of the use of strategic planning are positive and at the same time undervalue planning drawbacks”.

Financial performance

The overall performance based on the perceptions of the managers, has an average of 3.88 (Table VII). Although the measurement used is subjective, the average is high. However, according to Ramanujam and Venkatraman (1988) there is no clear definition of excellent performance. Phillips (1999) recommends that performance in the hospitality industry should also be measured with non-financial indicators. It would be interesting to analyze the relationship between financial performance and strategic planning dimensions, but the limited sample and the low response rate did not allow any correlation analysis. This restriction of the study, together with all the limitations, will be discussed in the following part.

Limitations, recommendations and conclusions

Although the aim of this paper is to discuss and analyze certain dimensions of strategic planning, as well as the organizational benefits of planning process and financial performance, several limitations can be identified. First of all, the sample size is relatively small. A main reason for this is that although strategic planning is not a new concept, in Greece it is met primarily in large companies, so only five-star hotels were

	Mean	SD	Strongly disagree (1)	(2)	(3)	(4)	Strongly agree (5)	N/A (0)
<i>Strategic processes</i>								
Identifying the best strategic options available to the firm	4.19	0.67	–	–	3 (14.3)	11 (52.4)	7 (33.3)	–
Analyzing the relative merit (worth) of the firm's available strategic options	3.71	1.38	–	–	3 (14.3)	11 (52.4)	5 (23.8)	2 (9.5)
Adjusting the firm's strategic posture when threatening events occur in the industry	4.09	1.17	–	–	3 (14.3)	8 (38.1)	9 (42.9)	1 (4.8)
Taking advantage of strategic business opportunities in a timely and effective manner	4.42	0.59	–	–	1 (4.8)	10 (47.6)	10 (47.6)	–
Developing a broad information base to identify the firm's strategic opportunities	3.71	1.14	–	1 (4.8)	4 (19.0)	11 (52.4)	4 (19.0)	1 (4.8)
Determining which environmental trends are most likely to have a significant impact on your firm's competitive position	3.90	0.70	–	–	6 (28.6)	11 (52.4)	4 (19.0)	–
Systematically allocating the firm's discretionary strategic resources	3.76	0.76	–	1 (4.8)	6 (28.6)	11 (52.4)	3 (14.3)	–
<i>Managerial development</i>								
Training mid-level managers to become good general managers	3.52	1.24	–	3 (14.3)	4 (19.0)	9 (42.9)	4 (19.0)	1 (4.8)
Providing managers the opportunity to improve their general decision-making skills	3.85	1.27	–	2 (9.5)	2 (9.5)	9 (42.9)	7 (33.3)	1 (4.8)
Training managers to think beyond short-run, day-to-day operating activities	4.14	0.85	–	1 (4.8)	3 (14.3)	9 (42.9)	8 (38.1)	–
Developing a sufficient pool of competent managers	3.38	1.24	–	4 (19.0)	4 (19.0)	9 (42.9)	3 (14.3)	1 (4.8)
Assigning management talent among the firm's departments and special projects	3.61	1.16	1 (4.8)	–	3 (14.3)	14 (66.7)	2 (9.5)	1 (4.8)
<i>Coordination</i>								
Minimizing the extent of inter-departmental conflict in the firm	4.04	0.74	–	1 (4.8)	2 (9.5)	13 (61.9)	5 (23.8)	–
Co-ordinating and integrating the functions of the organization to eliminate gaps and overlaps in its operation	4.04	1.24	–	–	5 (23.8)	5 (23.8)	10 (47.6)	1 (4.8)
Co-ordinating the activities of the operating units of the firm	4.14	0.85	–	–	6 (28.6)	6 (28.6)	9 (42.9)	–

Table VI.
Organizational benefits

(continued)

	Mean	SD	Strongly disagree (1)	(2)	(3)	(4)	Strongly agree (5)	N/A (0)
Developing an effective inter-departmental communications system	4.14	0.85	–	1 (4.8)	3 (14.3)	9 (42.9)	8 (38.1)	–
Ensuring that managers do not view their function in the firm as more important than other functions	3.80	1.16	1 (4.8)	2 (9.5)	4 (19.0)	7 (33.3)	7 (33.3)	–
<i>Adherence to strategic plans</i> Managers in this firm file the strategic plan away and do not look at it	2.00	1.18	9 (42.9)	7 (33.3)	2 (9.5)	2 (9.5)	1 (4.8)	–
Managers often become bored with the firm's planning process	1.80	0.81	9 (42.9)	7 (33.3)	5 (23.8)	–	–	–
Managers comply with rather than being committed to the firm's goals	2.42	0.92	2 (9.5)	11 (52.4)	6 (28.6)	1 (4.8)	1 (4.8)	–
Managers are judged on the basis of their credibility in the organization rather than upon reaching planned objectives	2.48	0.87	3 (14.3)	7 (33.3)	9 (42.9)	2 (9.5)	–	–
<i>Openness to change</i> Adapting to internal organizational changes	3.57	1.39	–	–	6 (28.6)	8 (38.1)	5 (23.8)	2 (9.5)
Readily adjusting to reorganization of the firm	3.61	1.11	–	–	8 (38.1)	8 (38.1)	4 (19.0)	1 (4.8)
Discouraging managers from resisting changes in the status quo during strategic planning	3.14	1.15	2 (9.5)	4 (19.0)	6 (28.6)	7 (33.3)	2 (9.5)	–

Note: $n = 21$

Table VI.

	Mean	SD	Poor (1)	(2)	(3)	(4)	Excellent (5)
Turnover	4.09	0.76	–	1 (4.8)	2 (9.5)	12 (57.1)	6 (28.6)
Growth in earnings	3.95	0.74	–	1 (4.8)	3 (14.3)	13 (61.9)	4 (19.0)
Changes in market share	3.80	0.74	–	1 (4.8)	5 (23.8)	12 (57.1)	3 (14.3)
Return on investment	3.71	1.05	1 (4.8)	2 (9.5)	3 (14.3)	11 (52.4)	4 (19.0)
Average occupancy rates	3.85	0.79	–	1 (4.8)	5 (23.8)	11 (52.4)	4 (19.0)

Note: $n = 21$ Table VII.
Financial performance in
Greek hotels

contained in the sample. As a result, the companies that were able to satisfy the objectives of the study were few, in relation to the population of the Greek hospitality industry, and not representative of the whole population. Moreover, the relatively small sample combined with the low response rate resulted in limited findings. The low response rate did not allow further analysis to examine correlations, which would have

been very useful in analyzing the relationships between strategic planning dimensions, planning benefits and financial performance.

Furthermore, since only descriptive results of the survey have been presented and discussed, it would not be right to generalise the findings. Despite the fact that there was an effort to identify and analyze the dimensions of strategic planning, there are a number of dimensions that are not included in the paper. The same applies for the indicators of financial performance. These limitations encourage some further study on the subject in order to obtain more comprehensive results. Finally, it is important to note that although the study was designed based on a quantitative approach, collecting some qualitative data could have helped in gaining a further understanding of the subject. Although the above limitations exist, the importance of this study lies on the fact that, as stated by Koufopoulos and Peattie (2000), "the nature of a corporate planning system tends to reflect cultural elements of the company and the country and industry in which it exists". Hence, despite the limited findings, a contribution of the study is that a richer idea of the-essential for the Greek economy-industry might be provided. In addition, insights from a number of hospitality managers are offered. Another contribution of the study is that it provides a benchmark for the measurement of the development of strategic planning in the Greek context.

To conclude, based on the findings of the study, the Greek five-star hotels appear to plan effectively, putting emphasis in all the dimensions measured. Managers hold at least a bachelor's degree and they are relatively young, with more than half of them being managers at their hotels for less than five years. High formality of planning procedures is evident, which may be an indicator of managers' willingness to perform needed processes regularly. Also, Greek management highly focuses on customer services and the analysis of the competitive environment. Planning practices seem to be centralized, with the role of the CEO being essential in terms of participation and decision-making for Greek hotels. Limited involvement of middle/lower management and external consultants possibly reflects the relatively small size of the hotels. The organizational benefits resulting from strategic planning seem to be important according to the managers' opinion.

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