Highlights

- Key success factors for strategy formulation and implementation in hotels are identified.

- Data were collected through semi-structured interviews with property level top managers of hotels in Hong Kong.

- Competition analysis and macro-environmental conditions as external factors and team works as internal factor are key factors in the strategy formulation.

- Employee involvement and strategic consensus are key success factors in the implementation process.

- Strategy formulation and strategy implementation are both important for managers.

What are the key success factors for strategy formulation and implementation?

Perspectives of managers in the hotel industry

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1   **What are the key success factors for strategy formulation and implementation?**

2   **Perspectives of managers in the hotel industry**

3   **Abstract**

4   This study investigates how hotel managers describe strategy and identify key success

5   factors for its formulation and implementation. The study analyzes qualitative data collected

6   through semi-structured interviews with property level top managers of hotels in Hong Kong. The

7   findings show that hotel managers prioritize competition analysis and macro-environmental

8   conditions over internal characteristics such as teamwork in strategy formulation. In the

9   implementation phase, however, internal considerations such as employee involvement and

10   strategic consensus are given prominence. This study provides a significant contribution by

11   examining how top level practitioners in the industry interpret success factors in their strategic

12   management efforts, and it highlights a largely neglected area in the hospitality and tourism

13   management literature.

14   **Keywords:** strategy formulation; strategy implementation; hotel; top managers; success factors

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1. Introduction

Probably the most salient topic in any industry is how to develop initiatives to improve firm performance in the face of environmental uncertainty. In this kind of environment, establishing and maintaining an edge over competitors is one of the fundamental concerns for each organization. Focusing on success as a central phenomenon, strategic management studies have been trying to determine organizational performance factors for decades. Strategic management research has produced a vast literature on maximizing organizational success since its emergence as an academic field in the 1960s (Nerur et al., 2008). The practitioner focus of the field may be observed in earlier works (e.g. Chandler, 1962; Ansoff, 1965), which prioritize descriptive success recipes over systematic empirical and theoretical analysis (Furrer et al., 2008).

Strategic management research has established that industrial characteristics are critical for both strategy formulation and implementation (Adner, 2016). Each industry has unique characteristics that should be taken into consideration by architects of the strategy during formulation and implementation phases. In a recent study, Singal (2015) reported that the tourism and hospitality industry has a unique position with higher capital intensity, more leverage, greater risk, and fierce competitiveness than that of other industries in the US economy. Therefore, strategic management studies with a hospitality and tourism focus are essential for shedding light on industry specific topics of interest. In this regard, strategic management scholars have been increasingly showing more interest in the hospitality and tourism industry in recent years (Harrington et al., 2014). Strategic management researchers have examined a broad range of critical issues for hospitality and tourism firms such as environmental uncertainty, internal environment of organizations, competitive strategies, corporate governance, global strategies, strategic decision making, and leadership (Harrington & Ottenbacher, 2011).

51   As Harrington et al. (2014) point out, strategy studies in hospitality and tourism have been

52   largely influenced by mainstream strategic management research. In the mainstream, long-held

53   tensions have existed between different theoretical frameworks based on their approach to internal

54   and external environment of firms. Typically, industrial organization (I/O) has an external

55   orientation while the resource-based view (RBV) focuses on the internal environment. The

56   industrial organization framework (Porter, 1981) takes industry as the unit of analysis. Structural

57   characteristics of an industry as described in the five forces model (Porter, 1980) determine the

58   intensity of competition. The I/O view places the success factors outside the firm by stating that

59   as competition intensifies, firm performance decreases (Kraaijenbrink, Spender & Groen, 2010).

60   In this framework, firms should form strategies that will position them in low competition

61   industries. RBV takes a different approach and locates strategic advantage in a firm's internal

62   resources (Wernerfelt, 1984). According to RBV, a firm should have valuable, rare, inimitable,

63   and non-substitutional resources in order to achieve sustainable competitive advantage (Barney,

64   1991). Thus, strategic efforts should focus on obtaining the resources that will provide competitive

65   advantage. On the other hand, previous studies in mainstream strategic management tried to shift

66   the focus from strategy as something a firm has to its actors do (Jarzabkowski, 2004). Accordingly,

67   there has been an increase in studies that focus on managers' views since they are the primary

68   organizational actors dealing with strategy related issues daily.

69   Previous research (Köseoğlu, et al., 2018) shows that strategic management articles in the

70   hospitality and tourism area have generally focused on the effects of different strategies on firm

71   performance. However, less attention has been paid to practices that form the basis of strategy

72   formulation and implementation. While strategic management has been clearly defined by many

73   scholars (Nag, Hambrick, & Chen, 2007), it is not clear how the practitioners interpret it. The word

74 strategy is used is used in diverse ways by different practitioners. However, it is not clear what

75 various practitioners mean by it, and more specifically, how they identify key factors in the

76 formulation and implementation process. The purpose of this study is to understand how managers

77 in hotels perceive and experience strategy formulation and implementation processes, and to find

78 out what factors are influential in their opinion for organizational success during these processes.

79 We aim to address an important gap in the literature by examining hotel managers' experiences

80 and views first hand through an explorative inquiry. To achieve this end, we employ qualitative

81 research methods, specifically thematic content analysis of interviews with hotel managers. The

82 research questions of the study are as follows:

83 • How do managers in hotels perceive and experience strategy formulation and

84 implementation processes?

85 • What are the key success factors for strategy formulation and implementation from

86 the perspective of hotel managers?

87 The remainder of the study is divided into separate parts. First is the literature review that

88 outlines major debates. The second part presents the methodological decisions and the analysis of

89 the qualitative data. The next section discusses the research findings. Lastly, the findings and the

90 limitations of the study will be discussed, and future research areas are indicated.

91 **2. Literature Review**

92 **2.1. The meaning of strategy**

93 There is no consensus on the meaning of strategy among both scholars and practitioners

94 (Markides, 2001). Although Mintzberg (1987) classified strategy as plan, ploy, pattern, position

95 and perspective, there are two common approaches that define what strategy should be. First is

96 Michael Porter's view on strategy in which he identified strategy as defining a company's position

97 in the industry, making trade-offs, and forging fit among activities (Porter, 1996). The second

98 approach professes that the positioning approach is static and states that strategy should be more

99 dynamic, focusing on outplaying competitors (Kay, 1994; Markides, 2001). Markides (2001)

100 highlighted that while the position approach emphasizes strategy as choosing what game to play,

101 the second approach emphasizes how companies should play the game. Also, Collis and Rukstad

102 (2008) consider strategy as a game plan and state that a strategy statement should include three

103 basic elements: objective, scope, and advantage. In a more recent effort to unearth the essence of

104 strategy, Ronda-Pupo and Guerras-Martin (2012) examined the evolution of the concept since the

105 1960s. Their findings show that the essence of the strategy concept is dealing with both what game

106 we play and how we play the game by focusing on the dynamics of the firm's relation with its

107 environment to the rational use of resources.

108   Given that people are the producers and benefactors of strategies, we expect that the

109 process of strategy formulation and implementation is not independent of human cognition and

110 decision-making characteristics (Dess, 1987; Govindarajan, 1988; Guth & MacMillan, 1986;

111 Hrebiniak, 2006; Narayanan & Fahey, 1982). Thus, people's perceptions, interests, and

112 interpretations play a central role in the processes. Personal as well as industrial characteristics

113 affect how managers understand strategy and guide its formulation and implementation (Gupta &

114 Govindarajan, 1984). How managers define strategy is closely related to how they interact with

115 the strategy process.

116 **2.2. Key factors in the strategy formulation**

117   As stated before, strategic management is a process with various phases. These phases can

118 be grouped under strategy formulation and implementation categories. Strategy formulation topics

119 deal with, as the name implies, articulation of a strategy or how a strategy is formed. Many studies

120 show that strategy formulation plays an essential role in how organizations identify the major

121 problems, find alternative solutions to those problems, and choose appropriate strategies as a result

122 (Andersen, 2004; Hopkins & Hopkins, 1997). Strategy formulation has also been shown as an

123 effective instrument for coordinating organizational effort and decentralizing decision making

124 (Jarzabkowski & Balogun, 2009) when managers follow a bottom- to- top approach (rather than a

125 top- to- bottom approach) in the formulation. Some studies, for example, found that participation

126 of mid-level managers in strategy formulation is shown to improve implementation performance

127 (e.g. Ketokivi & Castaner, 2004; Wooldridge et al., 2008).

128   The connection between strategy formulation and organizational performance has attracted

129 a lot of attention in the literature (Whittington & Cailluet, 2008). Overall, the reasons for the

130 inconsistent results of the formulation-performance relationship has not been discovered yet (Guo

131 et al., 2018). Consistent with the contingency theory approach, one research line examines how

132 strategic plans should be formed to fit the organization's environmental conditions (Andersen,

133 2004; Ramirez & Selsky, 2016), including the organization's industry context, environmental

134 uncertainty, complexity, and ambiguity. Such contingencies may or may not motivate firms in

135 turbulent environments to adopt more comprehensive, long-range planning processes (Ramirez &

136 Selsky, 2016). Firm size (Davis & Bendickson, 2018), age (Bouncken et al., 2016), organizational

137 structure (Tawse et al., 2018), and developmental stage (Vishnevskiy et al., 2016) have been

138 identified as important contingencies that influence strategy formulation. For example, Davis &

139 Bendickson (2018) find that strategic planning is more beneficial to small firms rather than large

140 ones. Bouncken et al. (2016) show that firm age is an additional important factor in successful

141 strategy formulation. Tawse et al. (2018) claim that more flexible organizations constitute a better

142 environment for effective strategy formulation. Vishnevskiy et al. (2016), on the other hand, show

143   that the stage of organizational development is the most important factor that sets some firms apart

144   in strategy formulation.

145   The literature on strategy formulation is vast, but not all strategies are developed by

146   deliberate planning activities (Mintzberg & Waters, 1985). Applied strategies are generally not the

147   same as official strategy documents. Unanticipated forces emerging from inside the organization

148   can alter the course of the planned strategy and create emergent strategies. Typically, top managers

149   are seen as deliberate planners (Rouleau & Balogun, 2011). The concept of emergent strategy

150   introduced a new focus on organizational participation in strategy formulation and implementation

151   processes (Huy, 2011; Rouleau, 2005; Westley, 1990).

152   As another result of this development, strategy formulation earned a new function:

153   integrating and coordinating the strategy making efforts of the executive team and the rest of the

154   organization (Jarzabkowski & Balogun, 2009). Consistent with the participation perspective,

155   recent research focuses on the role of strategy formulation as a coordination mechanism rather

156   than as a tool of centralized decision making (Spee & Jarzabkowski, 2011). Originated by

157   Mintzberg's views, emergent strategy literature shifts the focus from prescriptive models to the

158   social and political side of strategy formulation practices (Jarzabkowski & Balogun, 2009). The

159   purpose of such research is to understand the microfoundations associated with strategic processes

160   (Suddaby et al., 2013; Johnson et al., 2003). Emergent strategy research focuses on what individual

161   actors actually do (e.g. Johnson et al., 2007). Aside from analyzing strategy formulation as a

162   formal, bureaucratic process, the new focus of scholars is how organizational members enact the

163   process and what kind of consequences it entails for integrated strategy making and coordination

164   (Spee & Jarzabkowski, 2011; Whittington, 2006). The integration of organizational members into

165   strategy formulation and the maximization of their contribution to the process has been an

166 important topic in the recent literature (e.g. Nordqvist & Melin, 2008). This is closely related to

167 the notion that strategy formulation is the responsibility of the whole organization rather than just

168 an activity restricted to the top management (Mintzberg, 1994).

169 **2.3. Key factors in the strategy implementation**

170 Strategy implementation is defined as the communication, interpretation, adoption, and

171 enactment of strategic plans (Noble, 1999). Hence, in the conventional approach to strategic

172 planning, formulation and implementation are treated in a sequence. First, the strategy is

173 formulated, and then it is implemented. However, this approach overlooks the fact that different

174 stages of the planning process are not separate in practice, and organizations sometimes need to

175 improvise emergent strategies in the face of uncertainty (Mirabeau & Maguire, 2014; McDermott

176 & O'Connor, 2002).

177 Formulation of a consistent strategy is a challenging job for every organization, but without

178 effective implementation, it is unlikely to bring the intended benefits. Successful implementation

179 requires the involvement of many individuals in varying levels in an organization, something

180 which could be difficult to coordinate (Hrebiniak, 2006). As an example, Mankins and Steele

181 (2005) point out that firms realize only 63% of the financial performance that is promised by their

182 strategies. On the other hand, Johnson (2004) reports that 66% of formulated strategies are never

183 implemented. Other studies show that problems in the implementation phase lead to poor feedback

184 and poor readjustment of the original strategy (Crittenden & Crittenden, 2008). This implies the

185 existence of a gap between strategy formulation and performance realization, which is bridged by

186 the strategic implementation process. Therefore, understanding strategy implementation is a key

187 success factor for organizations.

188   Strategy implementation is related to many variables such as organizational structure,

189   control mechanisms, strategic consensus, and leadership (Noble, 1999). The connection between

190   organizational structure and strategy implementation has been examined by various studies. For

191   example, O'Reilly et al. (2010) examined how the consistency of leadership effectiveness across

192   hierarchical levels influenced the implementation of strategic initiatives. Their findings show that

193   leadership has a critical role in the successful implementation of a strategic change. Another key

194   consideration for managers is how to measure and evaluate performance during and after strategy

195   implementation (Altin, Koseoglu, Yu, & Riasi, 2018). In this regard, strategy evaluation carries

196   great importance for processing feedbacks from the environment and developing timely and

197   appropriate responses according to them. Strategy evaluation methods such as balanced scorecards

198   provide businesses efficient means to measure their success with respect to competitors (Tayler,

199   2010). Henri (2006) examined the relationship between management control systems and success

200   of implementation and suggested that an interactive use of performance measurement systems is a

201   significant determinant in translating strategy into organizational performance.

202   Regardless of structure and control, strategy is implemented by people, which then brings

203   interpersonal issues at the center of strategy implementation. One of the most important

204   interpersonal factors for implementation is the degree of strategic consensus. Strategic consensus

205   is defined as the shared understanding and commitment to a strategy within the organization

206   (Noble, 1999). Whereas strategic consensus has been treated as a critical success factor, Walter et

207   al. (2013) show that strategic alignment to the environment is an important complementary factor

208   to consensus. Studies that examine commitment at different managerial levels show that the

209   strategy implementation process is vulnerable to potential organizational conflicts between

210   managers (Huy, 2011). Similarly, strategic change may be hindered by employee resistance in the

211   absence of sufficient leadership efforts (Furst & Cable, 2008). Bundy et al. (2013) adopt a broader

212   view of strategic consensus and focus on external stakeholders. They propose that firm

213   responsiveness to stakeholder concerns is dependent on strategic cognition, which is defined as

214   the degree to which a stakeholder issue is prioritized by management. Strategic consensus

215   literature generally voices the importance of having a collective organizational mindset for

216   implementation and performance. Despite the conventional assumption that strategic consensus

217   and implementation success are positively related, Kellermanns et al. (2011) note that empirical

218   studies show inconsistent results for the characteristics of this relationship. They find that the

219   relationship between strategic consensus and performance is moderated by a hierarchical level of

220   participants, type of strategy content, and environmental dynamism.

221   **2.4. Strategy Formulation and Implementation in the hotel industry**

222   For the hospitality industry, Olsen et al. (2008, p. 6) defined strategic management as "the ability

223   of the management of the firm to properly align the firm with the forces driving change in the

224   environment in which the firm competes", whereas Enz (2010, p. 17) defined strategic

225   management as "a pattern that emerges in a sequence of decisions over time, or an organizational

226   plan of action that is intended to move a company toward achievement of its shorter-term goals

227   and, ultimately, its fundamental purposes."

228   There is a significant number of studies on strategic management in the hospitality

229   industry. This stock mainly focuses on how companies increase or improve firm performance by

230   gaining sustainable competitive advantages rather than how and when strategies should be

231   formulated (Harrington et al., 2014; Harrington & Ottenbacher, 2011; Köseoğlu, Law et al., 2018;

232   Köseoğlu, Okumus et al., 2018; Olsen, 2004). On one hand, there are several studies on strategic

233   planning in tourism (see Phillips & Moutinho, 2014), but there is no study that directly addresses

234   the practice of strategy formulation in the hotel industry. Strategy implementation, on the other

235   hand, has not been shown much scholarly interest until recent years (Harrington et al., 2014;

236   Köseoğlu, Law, et al. 2018; Olsen, 2004). For example, we found only two studies focusing

237   directly on strategy implementation framework and barriers in the hospitality industry. The first

238   study (Okumus, 2001) develops a strategy implementation framework for the hospitality industry.

239   This framework includes five key variables: external context, internal context, strategic content,

240   strategic process, and outcomes. The second (Köseoğlu, Yazici, & Okumus, 2018) elucidated

241   barriers to the implement strategic decisions in the hotel firms located in a developing country.

242   This study identified seven factors driving strategic decisions implementation in the hotel industry:

243   planning and strategic decision, organization structure and leadership, implementation process,

244   lack of coordination and communication, resistance to strategic decisions, motivation, and career

245   planning and expectations of employees. These findings are not clear enough for hotel managers

246   to identify key factors in the success of strategies. Consequently, hotels managers need to gain a

247   deeper understanding on how strategies should be formulated and implemented to increase the

248   success of strategies.

249   Some studies address the evolution of strategic management research in the hospitality

250   industry (Köseoğlu, Law et al., 2018; Köseoğlu, Okumus et al., 2018; Olsen, 2014, Harrington et

251   al., 2014). According to these studies, strategic management research in hospitality and tourism

252   has followed the same steps in its development as the mainstream literature. Parallel to the

253   developments in the mainstream literature, the school of strategy-as-practice has exerted

254   significant influence in hospitality research (Harrington et al., 2014). Focusing on the real-life

255   experiences of practitioners, strategy-as-practice studies aimed to shed light into the world of

256   strategy makers and implementers (Whittington, 2003). Effects of various factors such as

257 stakeholder pressures, competing priorities and organizational politics on strategic management

258 processes were examined more closely by the proponents of this school (Jarzabkowski & Balogun,

259 2009). The focus of research shifted from external factors to the people and their relationships in

260 strategy related activities. The important role of individuals in shaping strategic efforts encouraged

261 new perspectives that view human resources of an organization as its strategic assets (Ardito &

262 Petruzelli, 2017). Similarly, increasing emphasis on human agency over environmental

263 determinism led scholars to attribute more influence to individuals in strategic endeavors such as

264 innovation (Natalicchio et al., 2017). These developments were also reflected in hospitality

265 research as process-oriented studies began to flourish in the area (Harrington & Ottenbacher,

266 2011). However, there is still a lack of studies that examine how strategies are formulated and

267 through the eyes of hotel managers. Understanding managerial perspectives about the concrete

268 practice of strategizing has also practical implications for turbulent times. In times of crisis such

269 as the ongoing Covid-19 outbreak, organizational governance of strategy implementation poses a

270 greater challenge for hospitality businesses. Therefore, understanding how managers perceive

271 strategic management processes helps to be better prepared for extreme circumstances.

272 **3. Methodology**

273 **3.1. Research Setting**

274   To achieve the purpose of the study, face-to-face interviews were conducted with managers

275 in the top management of full-service hotels in Hong Kong. This study considered a purposive

276 sample wherein a group of people was intentionally sampled (Creswell, 2007). Hong Kong was

277 chosen as the setting of the study because the researchers had access to a large and diverse group

278 of managers in this location. Since we do not aim to make broad generalizations about the whole

279 population, selecting participants based on convenience is legitimate in our study (Brewis, 2014;

280 Robinson, 2014). Taking the literature into consideration (Köseoğlu, Yazici, & Okumus, 2018;

281 Okumus, 2004; Olsen, 2001; Rumelt, 2012) and based on the experience of the researchers of this

282 study, the researchers developed a semi-structured questionnaire. This questionnaire has two

283 sections. As seen in the appendix, the first section had fourteen statements/questions dealing with

284 strategy formulation, implementation and evaluation processes, and success factors for the overall

285 process. The second part of the questionnaire had the managers' demographic characteristics,

286 including age, gender, education, years of experience, and the hotel characteristics, including

287 number of employees and type of hotels (independent or chain).

288 **3.2. Data Collection**

289 The interviews were conducted by a research assistant who was trained in both managing in-depth

290 interviews and in aspects of strategy and strategic management. The interviews were conducted in

291 either English or Cantonese, depending on the language the interviewees felt confident speaking.

292 In the interview, we did not provide any specific definitions of some terms such as strategy,

293 formulation, and implementation since the main goal of this study was to see what managers'

294 perceptions and experience are. The participants were selected from full-service hotels located in

295 Hong Kong. General Managers or directors who are in the top management were considered as

296 participants. To reach the participants, we employed the snowball sampling method. The first

297 interview was conducted on October 15, 2018, and the final interview was conducted on December

298 11, 2018. Interviews usually lasted between 35-45 minutes. The ideal sample size for a qualitative

299 study is between 15 and 40 participants (Köseoğlu et al., 2016; Köseoğlu, Chan, Okumus, & Altin,

300 2018) if the data is sufficiently saturated. After completing 15 interviews, researchers observed

301 that certain themes were arising from the data. To confirm the saturation level, the researchers

302 decided to conduct a few more interviews. Six additional interviews were conducted for the

303   confirmation of data saturation. After 21 interviews, the researchers felt that data saturation was

304   reached because respondents continued to highlight the same themes in the interviews. Table 1

305   presents the profiles of the respondents.

306   -------------------------------

307   Insert Table 1 about here

308   -------------------------------

309   **3.3. Analysis**

310   A bilingual researcher trained in the process transcribed the interviews. Then, each author

311   independently examined the interview questions to develop categories and clusters by focusing on

312   previous studies (Brenes, Mena, & Molina, 2008; Köseoğlu, Yazici, & Okumus, 2018; Okumus,

313   2004; Olsen, 2001; Parnell & Lester, 2003; Rumelt, 2012). When there was a disagreement, the

314   authors reached an agreement through comparing and discussing their coding schemes. A blended

315   approach which is theoretically-driven and includes inductively-orientated data analysis (Miles,

316   Huberman, & Saldaña, 2014) allows the authors to be flexible in identifying elements or concepts

317   (Köseoğlu et al., 2016) related to strategy successes or failure and was utilized in this study. There

318   are many software tools offering options to analyze the qualitative data. However, for the

319   exploratory study, the data was manually analyzed because of the authors' experiences and

320   immersion in the data process, which provides advantages for an interpretative approach rather

321   than a mechanical analysis when conducted by using software tools (Gröschl, 2005).

322   For the data analysis, we used a similar process described by Watkins (2017). The analysis

323   consisted of five phases. In the first phase, we created a data table into which we copied and pasted

324   paragraphs directly from the transcripts. The table included all the data from the transcripts in a

325   single table format. After we formed the table, each researcher reviewed the data individually and

326 took notes about similarities and differences between the respondents and their experiences in the

327 strategy processes. After the initial review, we discussed our findings and formed an overall

328 research question in order to have a more focused approach in the following phases of the analysis:

329 "How do Hong Kong hotel managers perceive and experience the strategy related processes in

330 their organizations?" In the second phase, each of us eliminated data that was not of primary

331 interest to our research question and obtained a reduced data table. Then we compared and

332 discussed our tables and reached a consensus on a common table. In the third phase, we developed

333 open codes from this agreed upon table, first individually and then collectively. Our focused codes

334 that addressed only the research question began to develop in this process. In the next phase, we

335 associated our open codes with theoretical concepts and moved to the abstract realm of our inquiry.

336 After comparing and discussing individual findings, we moved to the last phase. In phase five, we

337 categorized the theoretical concepts that emerged from the raw data under different themes. We

338 also included exemplary quotations for these themes. We provide a partial diagram as an example

339 that demonstrates how we reached our themes in Table 2.

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341 Insert Table 2 about here

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343 In the next section, we present our final findings and support them with respondent

344 accounts.

345 **4. Findings and Discussion**

346 **4.1. The meaning of strategy for hotel managers**

347 According to the research findings, many respondents see the strategy as a plan to achieve goals.

348 While one of the participants (Respondent 4) identified strategy as a method, another (Respondent

349   8) defined strategy as "the things" by stating, "Before you have a strategy, you should have a goal.

350   A strategy is the things that you do to achieve your goal." Also, all participants include only

351   objectives in their strategy definition as one of the basic elements of the strategy, including three

352   elements-objectives, scope, and advantage (Collis & Rukstad, 2008). These findings show that the

353   meaning of the strategy is not clear for hotel managers as it is for managers in other industries

354   (Collis & Rukstad, 2008) but, rather, it is limited to a plan. In addition, all participants agreed on

355   the importance of a strategy and highlighted the role of strategy to achieve the goals of

356   organizations as stated by Respondent 6: "It is very important. You don't know how to achieve the

357   objective without a strategy."

358   **4.2. Key factors in the strategy formulation**

359   Strategic management literature suggests that managers should consider factors from both

360   external and internal environments to formulate strategies based on organizational mission, vision,

361   values, and goals (Grant, 1991; Miller & Friesen, 1978; Okumus et al., 2010). While the external

362   environment includes competitors, industry boundaries, and macro environment such as social,

363   demographic, technological, political, economic, and global forces, the internal environment deals

364   with resources and capabilities of firms (Grant, 2016; Hill, Jones, & Schilling, 2014). According

365   to their answers to the question "What techniques/methods do you employ for formulation?", the

366   majority of the respondents focus on analyzing external and internal environments while

367   formulating strategies. Focusing on their position in the industry as the main strategic

368   consideration, some of the respondents prioritize the assessment of competitors to formulate

369   strategies as a close environment:

370   "We consider our competitors, our resources, how much resources are available for us to

371   use…Competitiveness means how to know yourself and know your competitors…You need to

372   benchmark best practices when you formulate your strategy, to see if these best practices can be

373   applied to your hotel." (Respondent 8)

374   On the other hand, macro-environmental factors are more important in strategy formulation

375 for some of the respondents:

376   "I think the most important is the economic factors. The two economic factors that we consider is

377   the GDP and CPI which may affect the inflation…We also consider market trends including

378   competitive set, and the trend for the whole market. We base on our segments to formulate the

379   strategies. Sometimes, we forecasted that the segment will change for next year, we change the

380   strategy accordingly." (Respondent 16)

381   However, not all the respondents consider the external environment as the preeminent

382 concern. Some of them see strategic consensus and the resulting teamwork in the organization as

383 the most important factor in strategy formulation:

384   "It is very important that the teams are part of strategy development. Now, this is the goal, how do

385   we get there? Now, if there is one person who develops the strategy all the time. I believe that it

386   could be very difficult to be successful because what strategy requires is buy in, people need to buy

387   in to that strategy. The fact of matter is, I have a lot of very competent people in different divisions

388   in this hotel who are very good at what they do. So, involvement of people to set the development

389   of strategy, team members are very important." (Respondent 3)

390   According to the research findings, uncertainties and seasonality are common challenges

391 to formulate strategies for participants. Participants also highlighted the lack of key managers, lack

392 of data related to the market, and high turnover among managers as other challenges. Several

393 participants indicated that there are implementation barriers without mutual agreement among the

394 staff. There are multiple reasons for the lack of mutual agreement such as resource associated

395 issues, outright disagreement with the strategy, and an impossible goal for the given strategy.

396   "If there is no mutual agreement in the discussion between us, the strategy may not be

397   implemented. The resistance may be resources, staff hesitation, some staff may not want

398   to do it, some staff may consider that it is impossible. We need to have mutual agreement

399   in the discussion stage before going ahead." (Respondent 9)

4.3. Key factors to implement strategies

401   According to the research findings, the majority of the respondents agree that

402 communication and people are the key factors to implement the strategy. Several managers also

403 highlighted that resource allocation, clear strategy, and control are also key factors in the

404 implementation process. More specifically, Respondent 20 considers three key factors -

405 involvement of employees, communication, and timing:

406   "When we formulate an idea, we involve them at the middle stage instead of the final stage.

407   Involve them and get their suggestions. They have the sense of involvement… The second

408   to consider is the communication and timing. How to communicate to the whole team so

409   that they all understand? How can the message reach everyone?... Timing, when you roll

410   out strategy or new issues, it is mainly based on timing. For example, you want to raise the

411   price. The right timing is Christmas, as the prices of buffet and others are higher in

412   Christmas time. You do not drop it after Christmas, guests are easy to accept."

413   According to previous research, the main challenges in strategy implementation include a

414 lack of clear strategy and talented employees, issues related to communication, resistance of

415 employees to the change, inadequate capital, time, and other resources, lack of consistency, lack

416 of an action plan, and issues related to appropriate training, and team work (Köseoğlu, Yazici, &

417 Okumus, 2018). In addition to these factors, one of our respondents identifies integration of

418 reaction of competitors' actions in to the strategy implementation as a new challenge in strategy

419 implementation:

420   "The challenge is the reaction of competitors. If you have a successful strategy, competitors

421   will come to share this market, or copy your strategy. This is the same for us, one of our

422   strategies is to compete with my competitors. Therefore, when I implement a strategy, I

423   need to monitor the reaction of my competitors. It is very important. If we provide a

424   seafood buffet with the price of HK$500 and your competitor provide the same buffet with

425   a lower price of HK$480. You need to do something to attract customers. This is the major

426   challenge." (Respondent 4)

427

428   Figure 1 presents a summative diagram illustrating our findings for key success factors of

429 strategy formulation and implementation.

430   -------------------------------

431   Insert Figure 1 about here

432   -------------------------------

433 **4.4. Implementation versus formulation**

434   According to the research findings, all participants agree that both implementation and

435 formulation are important and that they complement each other rather than being one more

436 important than another. However, in detail, there are critical differences. On the one hand, some

437 of the participants agree that implementation and formulation are equally important:

438   "Equally important. Why they are balanced with each other? You conduct a lot of analysis

439   to formulate a strategy. If you do not implement the strategy with respect to the formulated

440   strategy, it will affect your success. Why I say that both are important? If the formulation

441   is not good enough, there will be deviation in implementation. If the formulation is perfect,

442   but the implementation is not good, we can't achieve the goal. Both are important, as both

443   will affect my end result, i.e. the goal." (Respondent 5)

444   On the other hand, three of the participants support that formulation is more important

445 than implementation as in the responses of Respondent 8:

446   "…formulation is more important than implementation. Implementation is just taking

447   actions. When you formulated a strategy, that means, the strategy has approved. You have

448   resources for the strategy."

449   Ten of the participants indicated that strategy implementation is more important than

450 strategy formulation. Respondent 10 stated that:

451   "Implementing a strategy is more important. Formulation is very broad. When you

452   implement a strategy, whether the implementation process is good or not will directly

453   affect your result. If there are problems in implementation, you have to amend them

454   immediately. Many companies, their strategy is good, they have a great vision. However,

455   they were not properly implemented, they failed."

456   Tawsee et al. (2018) emphasized that "in contrast to strategy formulation, strategy

457 implementation takes more cognitive effort and is more emotionally draining and psychologically

458 taxing (p.3). One of the hotel managers highlighted this issue when he responded to the question

459 of which one is more important (formulation or implementation):

460   "Implementation is more important…If you have a perfect idea, but there is no one to

461   execute or a problem in implementation, it is useless. "Thinking" is easy, you can create

462   every idea, you can have many solutions. But implementation is more difficult.

463   Therefore, I think execution is more important." (Respondent 14)

464   Overall results highlight that although many of the respondents do not show separation of

465 these two concepts, several indicated that first step is formulation and then implementation

466 follows.

467 **5. Conclusions, limitations and future studies**

468   Businesses are operating in an increasingly dynamic and uncertain environment in today's

469 world. Developing initiatives in order to establish and maintain superior performance is one of the

470 central concerns in any industry, including hospitality and tourism. Therefore, strategic success

471 factors have great relevance for scholars, practitioners, and policy makers.

472   In this study, we analyzed interview data collected from 21 managers in order to understand

473 critical success factors in strategy formulation and implementation processes in the hospitality and

474 tourism industry. Our findings show that managers have different opinions in terms of formulation

475 and implementation enhancers. In the formulation phase, most respondents have an external focus

476 rather than internal. They prioritize monitoring competitors' behaviors and macro-environmental

477 characteristics such as seasonal issues or the general economic conditions. But there are also

478 managers who think internal processes are more important for strategy formulation. They

479 especially attach great importance to strategic consensus inside the organization and employee

480 involvement. This also shows that managers view external and internal focus as complementary

481 for strategic management, not as mutually exclusive alternatives proposed by RBV and I/O

482 frameworks. The interview data show that respondents generally do not view formulation and

483 implementation as separate processes. They do not agree on whether formulation or

484 implementation is more important for organizational success, but most of them see implementation

485 as the more critical element to obtain desirable outcomes.

486   This study addresses two gaps in the hospitality management literature. Firstly, it utilizes

487 first-hand accounts of hotel managers to gain an emic view of strategy formulation and

488 implementation processes in hotels. In this regard, our findings show that managers' understanding

489 of the strategy concept is generally limited to planning. In addition, we show that managers view

490 formulation and implementation as complementary practices on a continuum. On the other hand,

491 they also stress that implementation contains more challenges due to unforeseen problems during

492 application. These findings specifically contribute to complexity and contingency theories which

493 explain firms' behaviors in competition. Second, the study sheds light on practitioners' opinions

494 about what makes strategy formulation and implementation successful. Specifically, it identifies

495 critical success factors in strategy formulation as competition analysis and macro-environmental

496 analysis. In the implementation phase, strategic consensus and employee involvement come to the

497   fore as the most important success factors. These findings bring fresh knowledge for strategic

498   management approaches addressing how strategies are formulated and implemented and what

499   strategy should include based on position and RBV approaches.

500   The study also has important practical implications. First, our findings show practitioners

501   attach different meanings to strategy related concepts just as do researchers. We also show that

502   strategic consensus is a critical success factor for implementation. A combination of both makes

503   the effective communication of strategies at the organizational level an essential element for

504   desired strategic outcomes. Second, managers should see strategic management as an activity that

505   is performed by the whole organization, not as an activity confined to the top management. They

506   should involve employees in strategy formulation in order to ensure their dedication to the

507   implementation phase. Third, strategic management education in hospitality and tourism schools

508   should incorporate more recent approaches such as the strategy- as -practice view. By doing so,

509   students may have a more accurate perspective on how strategic management processes unfold at

510   the organizational level.

511   The study also has limitations. First, the data was collected from top managers. Considering

512   the emphasis on the role of middle level managers in strategic processes (e.g. Huy, 2011; Rouleau,

513   2005; Westley, 1990), future studies should include the opinions of mid-level managers in order

514   to achieve a deeper understanding of the subject. Second, we included managers only from the

515   Hong Kong hotel industry in our sample. Although our study does not claim generalizability, a

516   comparative study with respondents from different countries could illuminate context or culture

517   specific success factors of strategy formulation and implementation. Third, our sample consists of

518   males and therefore does not allow us to observe gender specific differences in managers'

519   perceptions. A new study that includes female managers may help to see how they perceive and

520　influence strategic management processes. Fourth, our sample is heterogenic based on the position

521　of respondents, including general managers and individuals in positions below them. Future

522　studies can investigate the gap by focusing on more homogeneous samples. Fifth, we did not

523　structure some questions by considering definitions of terms including strategy, formulation, and

524　implementation since this study looked at the understanding of managers. However, future studies

525　can generate more structured interviews by focusing on deeper and/or one or more aspects of terms

526　to explore managers' understanding for pointed terms. Sixth, we did not look at the (in)connection

527　among key success factors in strategy formulation and implementation. Future studies may explore

528　the connection level among these factors by applying advance qualitative analysis methods such

529　as text-net analysis which integrate text mining with network analysis (Paranyushkin, 2019). And

530　lastly, we did not ask any direct questions related to strategy evaluation in our interviews because

531　the focus of the study is on formulation and implementation phases. Although some respondents

532　indirectly addressed the importance of taking constant feedback from the field while talking about

533　their implementation experiences, future studies may examine the issue more deeply. This will

534　help to conduct new research that evaluates strategic processes as more dynamic phenomena.

535

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Table 1. Profile of Respondents

Code	Position in the organization	Managerial experience (year)	Experience in the present organization (year)	Gender	Age Group	Formal education	Tourism or hospitality management education	# of employees	Type of Hotel
Respondent 1	General Manager	25	6	Male	46-55	Master	Yes	300	Chain
Respondent 2	General Manager	15	2	Male	36-45	Master	Yes	210	Chain
Respondent 3	General Manager	18	2	Male	36-45	Undergraduate	Yes	380	Chain
Respondent 4	Financial Controller	20	< 1	Male	56-65	High School	No	260	Independent
Respondent 5	General Manager	25	3	Male	46-55	Undergraduate	No	230	Chain
Respondent 6	Executive Director & Group General Manager	20	8	Male	46-55	Master	Yes	120	Chain
Respondent 7	General Manager	30	17	Male	66-up	Undergraduate	No	110	Chain
Respondent 8	Front Office Manager	10	9	Male	46-55	Undergraduate	Yes	330	Independent
Respondent 9	Executive Housekeeper	30	25	Male	56-65	Master	Yes	220	Independent
Respondent 10	General Manager	25	2	Male	56-65	Master	Yes	298	Independent
Respondent 11	Executive Assistant Manager - F&B	30	< 1	Male	46-55	High School	Yes	500	Independent
Respondent 12	Director of Human Resources	25	6	Male	56-65	Undergraduate	Yes	200	Independent
Respondent 13	Talent & Culture Manager	10	5	Male	36-45	Master	Yes	200	Chain
Respondent 14	Director of Rooms	12	3	Male	36-45	Undergraduate	Yes	500	Chain
Respondent 15	Director of Food & Beverage	10	4	Male	36-45	Master	Yes	450	Chain
Respondent 16	Manager, Corporate Food and Beverage	5	6.5	Male	26-35	Undergraduate	Yes	750	Chain
Respondent 17	Director of Rooms	10	15	Male	46-55	High School	Yes	390	Chain
Respondent 18	General Manager	15	16	Male	46-55	Undergraduate	Yes	60	Chain
Respondent 19	General Manager	24	16	Male	46-55	Master	Yes	100	Chain
Respondent 20	Director of Finance & Administration	20	9	Male	46-55	Master	No	380	Independent
Respondent 21	Director of Housekeeping	15	9	Male	46-55	Undergraduate	Yes	200	Chain

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Table 2: The coding process

| Exemplary Quotation	Code	Theme
"Strategy is planning to achieve a goal." "A strategy is the things that you do to achieve your goal." (Respondent 5)	Strategy as plan	Meaning of strategy
"Every year, when we review the business plan, we will review the current strength and weakness of the hotel. To review the market, opportunities, economic condition, the labour situation, etc." (Respondent 1)	SWOT analysis	Key factors for formulation
"The fact of matter is, I have a lot of very competent people in my different divisions in this hotel who are very good at what they do. So, involvement of people to set the development of strategy, team members are very important." (Respondent 3)	Employee involvement in strategy making	
"In implementation, we need to control if everything is running according to the strategy. The major problem is human. For management, human management is very important. Strategy, policy, procedure and systems are objects, they are not living things. Humans will make mistakes… " (Respondent 8)	Control function	Key factors for implementation
"In implementation, we consider the feedback from the market and people. People include internal and external. External is the feedback from the market" (Respondent 18)	Constant monitoring and feedback from the environment	
"…I think implementation is more important. If you have a good strategy, but not implemented properly, you will not have a successful result." (Respondent 4)	Implementation more important	
"Both formulation and implementation are important. If you have a strategy but there is problem in implementation, you cannot success. If you do not have a strategy, you do not have direction, it also not possible to success. Formulation and implementation need to match with each other." (Respondent 7)	Complementary	Comparing implementation vs. formulation
"I think formulation is more important. In most of the cases, the problems appear in implementation are because you do not have a clear picture during the formulation." (Respondent 16)	Formulation more important	

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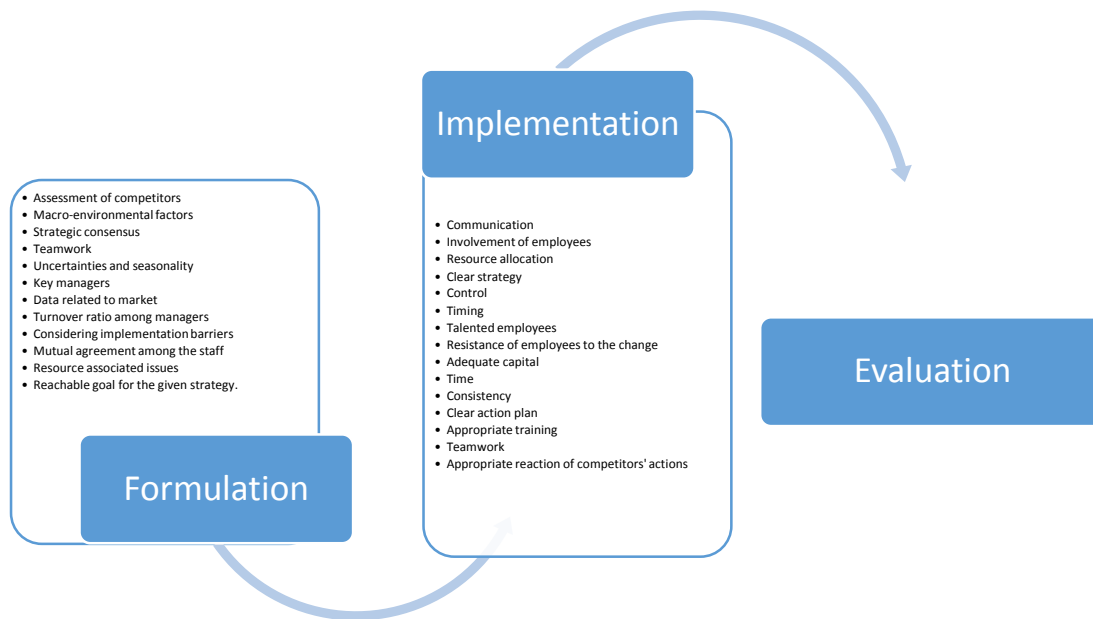
Figure 1. Key Factors in strategy formulation and implementation in the hotel industry

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779 **Appendix- Interview questions**
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781   1- How do you describe "strategy" in business? or What is the meaning of strategy in
782   business for you?
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784   2- Describe the role/importance of strategy in your organization.

785   3- What factors do you consider when you **formulate** the strategy?

786   4- What are the challenges to formulate strategies?

787   5- What factors do you consider when you **implement** a strategy?

788   6- What are the challenges to implement strategies?

789   7- What (formulation/implementation) is more important and why?

790   8- What methods/techniques do you employ for formulation?

791   9- What methods/ techniques do you employ for implementation?

792   10- Why was your strategy successful if it worked?

793   11- Why did your strategy fail if it didn't work?

794   12- How do you measure strategy effectiveness?

795   13- How do you describe good strategy when you analyze your competitors or others

796   strategies?

797   14- How do you describe bad strategy when you analyze your competitors or others

798   strategies?