CRITICAL SUCCESS FACTORS
IN UK FOUR AND FIVE STAR HOTELS

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A Thesis Submitted in Partial Fulfillment of the
Requirements of the
Manchester Metropolitan University
for the Degree of Doctor of Philosophy

The Manchester Metropolitan University
Department of Food and Tourism Management
2014

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In loving memory of my

Father

Acknowledgements

With the following words I would like to express my gratitude to those people around me who have supported and accompanied me specifically throughout the last few years on my journey to completing this study, but also for much longer. I feel that I must state that completing this thesis would not have been possible with the support I received from others, because only with their support and efforts I reached the end of this journey.

Therefore, firstly I would like to express my upmost gratitude to my fiancée Mandy Claudia Leue who relentlessly motivated me, provided support and stuck around me and my moods even when the burden of this thesis became a heavy one. Simply, I could not have done it without her!

I would like to unedndingly thank my mother and stepfather who enabled me to persue this studies and receive this education through their hard work and dedication to support me throughout my life. In other words, "mother you are the greatest"!

A very big thank you goes to my supervisory team, Dr. Shobana Partington, Dr. Amanda Miller, Dr. Tim Knowles and Dr. Timothy Jung for their hard work in keeping me on track, giving advice and offering their knowledge and experience to me during the last few years. Again, their help was instrumental in the completion of this study and I could not have done it without them.

I would like to specifically thank Dr. Timothy Jung who agreed to join the supervisory team despite his many commitments but especially for his personal engagement over the last year.

Finally, I would like to thank all those that I can not individually name for all their help and support. There were many more who have gone out of their way to give a small and sometimes large helping hands to me and it is with these few lines that I would like to acknowledge this.

Abstract

This research aims to assess the strategic tool of Critical Success Factors (CSFs) within the UK four and five star hotel industry by developing a strategic framework incorporating CSFs within the Balanced Scorecard (BSC) approach. Success in the hotel industry at all market levels and locations is determined by the ability to clearly formulate and implement a coherent strategy. Considering the importance of the hotel industry for the UK economy, it is essential to enhance overall strategic understanding within the hotel sector in order to increase efficiencies, performance and overall success. A major factor in identifying and understanding what needs to be done comes in identifying CSFs. This concept combines the strategic aims of the company and condenses them into a number of manageable factors that are absolutely critical to success. In addition, the BSC approach as a strategic tool that utilises CSFs to measure the performance and success of businesses is utilised. For the three stages of primary data collection, a mix of quantitative techniques, questionnaires and Delphi rounds, were used. The first stage included 33 questionnaires with hotel managers to update the existing list of CSFs; followed by three Delphi rounds with hotel industry experts to reduce the number of CSFs. These final factors were then ranked in importance by 61 general managers and owners of UK four and five star hotels. Confirmatory factor analysis identified a total of 19 CSFs for the UK four and five star hotel industry. Overall, there are four to five factors within each of the four BSC categories. Out of these, yield maximization, hygiene and cleanliness, staff friendliness and customer loyalty were identified to be the most important CSFs of each BSC category. A key finding is that even within a relatively homogenous set of hotels there are distinct differences in CSFs importance based on hotel characteristics such as size, location, star rating and ownership structure. Therefore, a significant result of this study is the creation of a framework for business strategy incorporating CSFs and the BSC for UK four and five star hotels for a coherent strategy formulation and implementation. Overall, the research also provides academia and the UK four and five star hotel industry with a tool for the prioritisation of strategy creation and implementation.

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LIST OF ABBREVIATIONS

ACSF	Actions-Critical Success Factors
ADR	Average Daily Rate
AHP	Analytical Hierarchy Process
ARR	Average Room Rate
B&B	Bed and Breakfast
BSC	Balanced Scorecard
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
COSHH	Control of Substances Hazardous to Health
COV	Coefficient of Variation
CPI	Critical Performance Indicators
CRM	Customer Relationship Management
CSFs	Critical Success Factors
CVR	Content Validity Ratio
DP	Data Processing
EFA	Exploratory Factor Analysis
ERP	Enterprise Resource Planning
F&B	Food and Beverage
FO	Front Office
HACCP	Hazard Analysis and Critical Control Points
HR	Human Resources
HVM	High Velocity Markets
IS	Information Systems
ISO	International Organisation for Standardisation
IT	Information Technology
KPI	Key performance indicator
KSF	Key Success Factors
LYMS	Lodging Yield Management Systems
MDM	Moderately Dynamic Markets
MIS	Management Information Systems
P	Participant
PCA	Principal Component Analysis
PWC	PricewaterhouseCoopers

RBV	Resource Based View
RevPAR	Revenue per Available Room
ROI	Return on Investment
R&D	Research and Development
R&Y	Revenue and Yield
SEM	Structural Equation Modelling
SEO	Search Engine Optimisation
SMEs	Small and Medium (sized) Enterprises
SOP	Standard Operating Procedure
UK	United Kingdom
USA	United States of America
USP	Unique Selling Point

CHAPTER 1: INTRODUCTION

1.1 Introduction

Success in the hotel industry at all market levels and locations is determined by the ability to clearly formulate and implement a coherent strategy (Blasik et al., 2011). Over a number of years there have been different approaches to strategy ranging from military theory to more abstract concepts such as the learning perspective (Mintzberg et al., 2009). A major obstacle for all businesses has always been a lack of a clear focus, formulation and implementation of strategy which is as true today as has been over many decades. Especially in today's dynamic environment, a clear understanding of what drives business and results (both commercial and non-commercial) makes it even more important for businesses to understand on how, in the case of this study, hotel strategy links to their operations.

A major factor in outlining and understanding what needs to be done comes in identifying critical success factors (CSFs). This concept combines the strategic aims of the company and condenses them into a number of manageable factors that are absolutely crucial to success. Business operations should then be built around achieving those overall CSFs. There are a number of ways this can be achieved. A valuable tool that has been extensively used, researched and developed over the last 20 years is the balanced scorecard approach (BSC) which uses the idea of defining targets in particular areas and setting a clear structure as to how to achieve these by providing a step by step implementation for original strategic ideas through to operational execution.

According to Lloyd et al. (2013), the UK hotel industry is highly diverse with 12,500 (although the actual size varies dependant on sources used) hotels across different star categories and price ranges. Furthermore, it is considered highly important in terms of employment and the overall economy with a workforce of more than 335,800 accounting for about 1.3% of the entire British workforce. Considering the importance of the hotel industry for the UK economy, it is therefore essential to enhance the overall strategic understanding within the hotel

sector in order to increase efficiencies and service levels, and thus raise overall performance. This chapter presents the background and justification as well as the research aims and the overall structure of the research by briefly discussing each chapter of this thesis.

1.2 Background and Justification

The purpose of this study is to identify and analyse CSFs in UK four and five star hotels. CSFs are in essence a number of factors that must be achieved for firms to be successful (Bullen and Rockart, 1981). Although there are numerous definitions of CSFs in the academic literature, varying from study to study (Baker and Cameron, 2008; Geller, 1985; Griffin, 1995; Thomas and Long, 2000), they are all centred on a number of limited points crucial to business success. The question therefore arises of what success is, bearing in mind that this depends on the contingencies of the situation (Burgess, Hampton, Price and Roper, 1995; Business Dictionary, 2011).

Olson and Roper (1998) argued that strategy needs to be incorporated more into hospitality research due to the highly competitive market situation hotels find themselves in over the last few decades. There is a strong relationship between the success a hotel has and the way it approaches strategy and business management (Hassanien et al., 2010). This is underpinned by the fact that business environments are changing at a faster pace, as well as customer demand cycles being shorter. In addition, changes in taste appear to be more radical and segregated. Therefore, hotels have to adopt sound strategic management and embrace changes in business demands to remain competitive. As such, CSFs can be used as a strategic approach to business management.

CSFs have been applied to a wide range of areas from enterprise resource planning (ERP) and developmental team projects to yield management systems – a term sometimes expanded to cover revenue management (Dexter, 2010; Griffin, 1995; Francoise, Borgault and Pellerin, 2009). However much of the literature on CSFs has been conducted in the field of information systems (Edwards et al., 1991). The initial discussion on CSFs appears to have been pioneered by Daniel (1961) and later popularised by Rockart in 1979 (Huotari and Wilson, 2001). Over

the last two decades discussion has diversified into more generic fields of management and specifically to strategy (Grunert and Ellegaard, 1993). Other areas of management that have adopted the CSFs approach are those related to core competencies, value chains and business processes (Brotherton, 2004a). Furthermore, CSFs have been applied to learning organisations, quality management, outsourcing, enterprise resource planning (ERP), team projects and the topic of internationalisation in general (Hindle, 2005; Francoise et al., 2009; Dexter, 2010).

Within the field of business strategy, CSFs are an integral part of the discussion within literature. This is the result of the application of CSFs at various levels of business strategy, from the corporate level right down to the goals of a specific manager. Therefore, while CSFs can be critically analysed as part of an overall strategy of a firm in line with their objectives and goals, they can also be applied at the sub-organisational or individual manager level, which can be affected by changes higher up the organisational structure (Bullen and Rockart, 1981). As the concept of CSFs is incorporated and directly applicable to the entire strategic business process from planning to design and execution, a clear understanding of the concept of CSFs is essential for business success.

Within the subject of tourism, few attempts have been made to apply the concept of CSFs. Examples include the application to yield management systems (Griffin, 1995), hospitality businesses (Brotherton, 2004a; 2004b; Hua, 2009), wine tourism (Getz, 2007) and destination marketing (Baker and Cameron, 2008). With the exception of a few authors such as Brotherton (2004a; 2004b) and Griffin (1995) as well as Hua (2009) (budget hotels), CSFs have until today not been applied to the hospitality industry and specifically to four and five star hotels, which in the light of the importance of CSFs in the field of business strategy requires further examination.

The CSFs approach is based on the idea that not all activities that are performed as part of business operations contribute equally to the overall success of the company. CSFs are in essence a limited number of factors out of many, which, if results are satisfactory, result in successful business operations. The major focus

of research on CSFs has been on operational factors that were easily identifiable through observation of operational routines (Brotherton, 2004a,b; Brotherton and Shaw, 1996; Hua et al., 2009). While these certainly lay the foundation from which to derive a complete picture of hotel CSFs, there are also strategic/managerial CSFs in nature that have so far been largely ignored, except for Avcikurt et al., (2011) who started to touch upon this subject in the Turkish small and medium sized enterprise (SME) context. The CSFs approach accounts for these strategic/managerial factors by acknowledging them in theory, however it requires a deep analysis of businesses and their senior managers to truly identify these. Considering these difficulties and the company-specific nature of these CSFs it is understandable that research has not been conducted in this area.

In order to identify these CSFs, operational and strategic/managerial in nature, there are several approaches to do so. One approach, the BSC is a strategic framework that utilises CSFs in order to implement aims set by strategy into business operations. The BSC approach is based on the idea that there are numerous elements that are used as indicators for the developments within companies. Therefore, those elements can be monitored and analysed to gain an understanding of whether the desired outputs, results or developments are being achieved or progress towards goals and objectives is made. It is this similarity in the idea that the monitoring of certain elements has the ability to forecast or control developments within businesses that makes the BSC approach suitable for combination with CSFs. In addition, the linearity of strategy influencing the design of the BSC dictates the CSFs, which in turn sets the success measurements and is what can be used to extrapolate the important factors for hotel strategy. CSFs are an integral part of business strategy, crucial to company success and highly important in designing business processes. The importance of CSFs therefore requires a comprehensive analysis of their nature in all areas of business and industries, including the four and five star hotel industry. This study will increase the quality of CSFs application in academia, and provide practitioners with a comprehensive framework of business strategy and CSFs for UK four and five star hotels allowing them to implement a coherent strategy.

With the significance of CSFs for the success of firms, the need for a comprehensive approach to CSFs identification and framework is apparent. The principal contribution to knowledge in this study is the holistic discussion of CSFs in the area of UK hotels – specifically four and five star hotels as well as the provision of a comprehensive business strategy framework incorporating CSFs, the BSC and strategy for UK hotels, thus addressing the limitations from previous research. A rationale for focusing on four and five star hotels in this study is the fact that previous limited research focusing on budget hotels found that due to the systematised nature of the operations in the budget sector, results tend to be very similar and few differences could be observed (Brotherton, 2004a). four and five star hotels on the other hand vary significantly in terms of customer focus, service, and target market and hence are expected to have to focus on a wider set of CSFs with varying degrees of importance. Therefore, this study aims to evaluate the wider range of strategic and operational CSFs pertaining to UK four and five star hotels.

1.3 Research Aims

Overall, this PhD research aims for the achievement of five aims which will be presented and discussed in this section. The first aim of the study is:

To evaluate the literature on critical success factors in the context of business strategy, the balanced scorecard approach and UK four and five star hotels.

The first aim provides the foundation of this study. Existing theory about CSFs, the BSC approach and strategy is discussed. In addition, the aim entails thoroughly investigating latest advances in these areas. Furthermore, it is important to fully understand the context of the study and therefore the UK hotel industry will be reviewed. All this will inform the general direction and design of this research study and guide the discussion about the combination of business strategy, BSC approach and CSFs.

The second aim of the study is:

To ascertain hotel managers' perception of strategic and operational critical success factors in UK four and five star hotels.

In order to further gain in-depth and up-to-date information about CSFs in the UK hotel industry, primary data on CSFs needs to be collected from four and five star hotel general managers. This data will be used to complement the information gained from the literature review and provides the basis for further analysis to empirically measure the importance of critical success factors; this leads to the third aim of this study.

The third aim of the study is:

To empirically measure the most important critical success factors for UK four and five star hotels.

According to Rockart and Bullen (1979), it is crucial to understand what factors are truly critical for business success. In order to understand which are the most crucial factors for success, the third aim is designed to empirically demonstrate this and therefore provide four and five star hotels with a concise set of CSFs, offering a base for the creation of the CSFs and a BSC framework which constitutes the fourth aim and main contribution to knowledge of this PhD study.

Therefore, the fourth aim and a main contribution to knowledge of this PhD research is:

To develop a framework for business strategy incorporating critical success factors and the balanced scorecard approach for UK four and five star hotels.

Finally, in order to integrate the results of this thesis into the wider academic landscape, the final aim is to:

To contribute to knowledge of CSFs in the broader management literature

1.4 Structure of Study

This study consists of 10 chapters. The first chapter gives an introduction to the overall research area, provides background information and justification as to why this PhD study is needed to contribute to a gap in the existing pool of knowledge as well as providing a relevance in terms of research contribution. Furthermore, the first chapter covers the research aims of this research.

The second chapter marks the beginning of the literature reviews (consisting of four chapters). Within the second chapter, literature with regard to business strategy is discussed with a specific focus on the development of schools of thought as well as strategic dynamic fit.

The third chapter introduces and critically analyses the concept of CSFs; their origins are discussed, as well as the development and applicability into different research contexts. In order to fit into the entire study with a focus on the UK four and five star hotel industry, the third chapter specifically emphasises previous CSFs research within the tourism and hotel context.

The fourth chapter then moves on to the BSC approach which is the framework used within this study. The origins and ideas behind the BSC concept are presented and the link to CSFs and business strategy is discussed.

The fifth chapter provides an overview of the context of this PhD study by focusing in depth on the UK hotel industry, its development and current state. It discusses the tourism and hospitality industry in general and then moves on to a discussion on the tourism and hospitality industry in the UK with a stronger focus on the UK four and five star hotel industry.

The sixth chapter focuses on the methodology used within the current research, starting with the philosophy, approach and strategy and moving on to the research design. The different research stages are discussed in depth by focusing on instrument design, population and sample size, data collection techniques and the analysis of data. Finally, the chapter covers the time horizon, reliability and validity, ethical implications as well as limitations of the primary research.

The seventh chapter presents the analysis of the first step of primary data collection, the qualitative questionnaire with UK four and five star hotel general managers. The chapter presents new CSFs that emerged throughout the first phase of data collection and provides the foundation for the questionnaire design of the following data collection stages.

Chapter eight focuses on the main analysis of this study by presenting demographical information as well as the confirmatory factor analysis and the descriptive statistical analysis whereby factors are ranked in order of importance to the overall hotel success.

The ninth chapter discusses the overall findings of the primary data collection and it links with the literature. This chapter shows the achievement of the fourth aim by discussing and presenting a theoretical framework for strategy formulation and implementation in the UK four and five star hotel industry. The discussion chapter will also show how far CSFs have changed over the period and presents their importance for overall hotel strategy.

The tenth chapter concludes this study by reviewing the aims and showing how each aim was fulfilled throughout the study. In addition, the final chapter provides recommendations to academia and practitioners, and discusses limitations and opportunities for future research as well as reflecting on the overall research process.

CHAPTER 2: BUSINESS STRATEGIES

2.1 Introduction

This thesis focuses on CSFs within the hospitality industry. CSFs are those factors which have to be achieved by organisations in order to be successful and can be used as a tool for strategy creation. CSFs have to be identified and incorporated into corporate planning and business strategy in order to ensure success. The CSFs approach therefore dictates to some extent how strategy should be formulated and implemented. In order to gain an understanding of the different approaches to strategy, this chapter aims to cover the milestone developments in the area of business strategy. It is part of the literature review and forms the basis for the strategic framework as set out in aim four and five, which aim to incorporate CSFs with the process of strategy formulation and the broader strategy and management literature. Therefore, it is essential to review the different approaches to strategy and its creation.

This chapter will start with a general introduction to strategy as a research topic and discipline and review a number of definitions and perspectives on strategy. Furthermore, this chapter looks at the origins of the strategy discussion reviewing the prominent schools of thought that have shaped this body of knowledge. In addition, the application of strategy research in the hospitality industry has been limited at best and will be briefly discussed.

2.2 Business Strategies

The discussion on strategy is often considered amongst the highest skills of management (Mintzberg et al., 2009; White, 2004; Wickham, 2000). The area of strategy has therefore received a lot of attention with a significant input by numerous scholars and has produced well known scholars as Porter, Drucker and Mintzberg to name a few (Johnson et al., 2011). Their views have differed greatly on what the exact purpose or scope of strategy is and seems to have evolved every decade or two (Davies and Walters, 2004). While the first views on strategy during the 1960's were heavily influenced by military strategy, with a view of

competitors as enemies, the subsequent models focused more and more on organisational learning. The idea that businesses could not stick to one strategy and the lack of long term planning accuracy helped to further promote this view (Mintzberg et al., 2009). As far back as 1998, Olson and Roper argued that mainstream strategy research needs to be incorporated into hospitality research as studies have shown a strong influence of industries onto organisational operations, and that it would be misguided to disconnect these factors. This has occurred to some extent and will be covered toward the end of this chapter in section 2.6.

According to Andrews (1997, 1971), strategy can be defined as the patterns of decisions that show the objectives, goals and purpose of a company. In addition, principal policies and plans for the achievement of those goals are part of strategy, as well as the economic and noneconomic achievements it aims to make. Evered (1983) reviewed definitions of strategy and found Andrew's (1971) original definition among the most comprehensive attempts to define the nature of strategy. Porter (1996, p. 2) on the other hand defined strategy as "the creation of a unique and valuable position" including a number of activities, specifically referring to the need for a competitive advantage. Porter (1996) added that companies need to define what business activities they choose not to pursue and treat these as trade-offs against their chosen strategy.

Finally, the notion of "fit" within the internal and external environment was felt to be an essential element of business strategy. Casadesus-Masanell and Ricart (2010) supported Porter´s arguments as they stated that strategy is essentially the choice of business model with which the company achieves a competitive advantage. Researchers taking a different approach were de Wit and Meyer (2004) and de Wit et al. (1998) as cited by White (2004) who argued that strategy was anything that aimed to achieve a company's purpose. A similar definition was provided by Johnson et al. (2011) who defined strategy simply as the long term direction of businesses. These approaches to strategy make it a very ambiguous description, with loose boundaries.

Evans, Campbell and Stonehouse (2003) suggested that the aim of strategy is the achievement of a sustainable competitive advantage over the long term.

Sustainable competitive advantage can be defined as "a superior marketplace position that captures the provision of superior customer value and/or the achievement of lower relative costs, which results in market share dominance and superior financial performance" (Weerawardena, 2002, p. 2043). Mintzberg (1987) suggested that the term strategy had been used implicitly in different ways for a long time and that there could be no universal definition for a topic as complex and comprehensive as strategy. On the other hand, there are some elements of strategy that are universally applicable to any organisation. Nevertheless, many aspects of strategy are directly linked to the nature and particular situation of the organisation (Hax, 1990). After discussing several different standpoints of the exact nature of strategy, Hax (1990, p. 37) proposed a unified definition describing strategy as a "fundamental framework through which an organisation can assert its vital continuity while, at the same time, purposefully managing its adaptation to the changing environment to gain competitive advantage". However, as early as 1980 Rumelt argued that the numerous interpretations and applications of the word strategy lead to a universal agreement of strategy being everything that is important within the firm, but at the same time losing a clearly defined scope making it less important and perhaps obsolete. Similarly, Haugstad (1999) argued that this could lead to the idea of strategy being exhausted and becoming meaningless. Markides (2004) noted that there are numerous definitions of strategy by various authors, which are all different in terms of beliefs from positioning to visioning, which only add to the confusion. Consequently, Markides (2004) concluded along the same line of argument as others such as Mintzberg, Ahlstrand and Lampel (2009), who argued strongly that strategy cannot be defined with one universal statement. In fact, Mintzberg et al. (2009) re-visited strategy from the viewpoint of their five Ps (plan, pattern, perspective, position and ploy) covering several schools of thought which influenced their argument.

Therefore, it is at this point that special attention needs to be paid to the origins of strategy in terms of schools of thought. The following section will cover the schools of thought influencing the development, process and nature of strategy.

2.3 Origins of Strategy and their Schools of Thought

According to Kipley and Lewis (2009, p. 2) "strategy is multidimensional, situational, and dynamic, but it suffers from the problem of…conflicting views on strategy". Over time, there has been a debate about which school of thought of strategy is the most effective for business planning. This section will cover chronologically and in-depth the development of schools of thought and their suitability for strategic planning and seek to identify its relevance within the hospitality industry.

For this discussion, French (2009) developed a coherent model of schools of thought whereby he grouped them into three categories: classical, neo-classical and post-classical (see Figure 2.1). French (2009) chose to combine the design, planning and positioning school under the heading of classical school as they can be considered linear in nature. All three of these are based on macroeconomic concepts considered to be from the classical and neoclassical economic faction and form the earliest schools of thought within the strategy debate. In response to the one best way concept, and based on the organisational contingency, the neoclassical category includes the contingency and resource based view on strategy. These schools of thought although still linear in nature, have followed classical views to some extent and were popular until the post classical schools of thought included the concepts of learning cognition and synergy. In fact, the post-classical schools of thought include the learning and emergence view on strategy and are part of the most recent attempts to explain the nature of strategy. In summary, French (2009) identified seven different schools of thought. This is in accordance with the psychologist George Miller (1956) who drew on the concept of cognitive capacity in that human beings tend to favour about seven chunks of information to categorise things (Mintzberg et al., 2009).
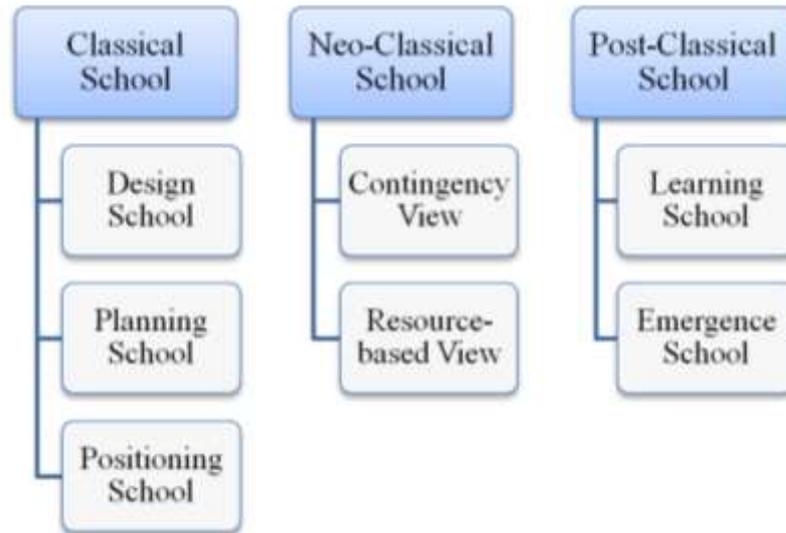
Figure 2.1: Schools of Thought

Source:Adapted from Minzberg (2009)

As can be seen from the array of different definitions of strategy there are a number of factors that influence the way strategy is perceived and applied. Perhaps the most influential factor is the school of thought, which lies at the basis of strategy in general (White, 2004). The definitions at the beginning of the strategy section 2.2 such as those of Andrews (1997), Evered (1983) and Porter (1996) stem from the positioning perspective on strategy, the most influential perspective to date (Mintzberg et al., 2009).

Other schools of thought that have had a significant impact on the development of the strategic discussion were the planning and design schools and lately the views on strategy from a learning and configurational perspective (Mintzberg et al., 2009). Within the latter two especially the approaches of strategic learning and dynamic capabilities have drawn a lot of attention. As mentioned above, the different schools of thought vary significantly in terms of what strategy is and how it works. At the start, during the 1960's and 70's in which the first schools of thought were established the discussion focused on environmental scanning and firm structure to fit the environment (Olsen and Roper, 1998). Although less prominent now, this view is still applicable in some schools such as the resource based view (RBV) or the concept of Dynamic Capabilities. In particular, before the positioning school became the dominant view on strategy, the design and

planning schools of thought were commonly considered the best way to explain the nature of strategy (Mintzberg, 1987).

The design school focused primarily on the internal strengths and weaknesses of firms and the opportunities and threats that lay in the environment of the firm. The planning school took this concept further and highly formalised it to form models such as the SWOT analysis (Mintzberg et al., 2009). As the positioning school gained ever more attention over the last 30 years, sparked by Porter's (1996) contribution, it replaced some of the older ones as the dominant view. The discussion about strategy today looks particularly at firms achieving a competitive advantage over their rivals. This view is dominated by the positioning school which assumes that competitive advantages can be achieved through strategy (Foss, 1996; Porter, 1996; Porter and Kramer, 2006). However as the design and planning school share some underlying principles, which to some extent filtered through to the positioning school, these will be covered first.

2.3.1 Classical Schools of Thought

Although there might have been other approaches towards strategy during or before the emergence of mainstream strategic management literature, the classical school of thought is generally considered the oldest school of thought. Within the classical school of thought there are a number of different approaches to strategy which are similar in nature following the early principles of strategy, but within each approach there are subtle differences that set them apart from each other. Therefore, to introduce the different schools within the classical school of thought the design school is explored first.

2.3.1.1 Design

The first school of thought, the design school, was formed around the 1960´s (Mintzberg et al., 2009). Table 2.1 provides an overview of the three earliest schools of thought and their foundation writers and underlying disciplines. These three schools of thought will be covered in the next sections as they lay the foundations of strategy research in business – specifically in this context hospitality. The table below (2.1), identifies the key authors for the classical schools of thought according to the three prevailing theories of the design,

planning and positioning schools. These authors were the ones who drove the fundamental development of these three perspectives. In addition, the underlying discipline shows where some of the ideas originated from that shaped the three perspectives.

Table 2.1: Classical Schools of Thought

	Design	Planning	Positioning
Foundation Writers	Selznick (1957) Andrews (1971) Chandler (1962)	Ansoff (1965)	Schendel & Hatten (1970), Porter (1980,1985)
Underlying Discipline	None (architecture as metaphor)	Some link to urban planning, systems theory, cybernetics	Economics, Military history

Source: Haugstad (1999) and Mintzberg et al (2009, p. 368)

In addition to Andrews (1971) and Selznick (1957), Haugstad (1999) identified Chandler (1962) to be amongst the founders of the Design School. Selznick (1957) introduced the concept of distinctive competence, arguing that firms must match the internal states with external expectations and implement these within the firm's structure. Chandler (1962) advanced the concept by introducing the importance of firm structure to strategy, creating the beginnings of the design school. Although the design school was proposed and initially developed by the above authors, it was 'Harvard's General Management Group' which strongly drove the dissemination of this school of thought during the 1960´s, through the book *Business Policies Text and Cases* by Learned et al. (1965) which was amongst the most popular books for this field of study.

According to French (2009), the fundamental idea of the design school has been that strategy formation needed to be executed by the chief executive of an organisation who developed a plan based on internal and external environmental scanning. Mintzberg et al. (2009) summarised the strategy formation process under the design school to be the result of internal and external scanning, taking into consideration managerial values and social responsibility. This strategy formulation process can deliver a number of alternative strategies which need to be evaluated by the management in order to choose the most suitable for the organisation. The need and reliance on the management team for evaluation of

strategic alternatives, is one of the major limitations of this school of thought as the design school, as no other influences or input of anyone other than the executive team is considered (Lynch, 2009; Minzberg, 2009). In fact, within the design school the fundamental step to analysing the environment is, although in a very structured manner, designed to be carried out by the senior management. In addition, the design school intends that strategy should form the structure of the firm. However it fails to incorporate the existing structure that could have an effect on possible strategies, and in certain cases limit possible actions. Furthermore, emergent strategy, in other words factors that arise out of the chosen strategies and require actions or changes in the original strategy, are not accounted for in the design school (Lynch, 2009). The process is linear in nature and is assumed to be produced and later executed by the employees. This again raises several problems as a strategy designed in such a manner aims at capitalising on the strength and exploiting the opportunities of the firm. As Mintzberg et al. (2009) stated, it is often the case that strengths and opportunities are overestimated and weaknesses and threats underestimated. So how can one know the real strengths before they are tested, and how should the results of these tests be incorporated into the firm's strategy if the process of formulation does not focus on organisational learning (Lynch, 2009). Finally, the disregard for implementation problems further adds to the list of shortcomings of this view on strategy. The design school assumes that the strategy which has been set can simply be executed.

2.3.1.2 Planning School

About the same time that the design school emerged, the planning school rose alongside it (Grunert and Ellegaard, 1993). Although based on a number of similar assumptions and views such as improving the skills of decision makers, the planning school was significantly more formal in its structure and analysis relying on numerical analysis rather than solely on thoughts (French, 2009, Grunert and Ellegaard, 1993). According to Martinet (2010), Igor Ansoff was the pioneer of the strategic planning school. His book *Corporate Strategy*, the most influential in this field was published the same year as the Harvard group's on the design school, and laid the basis for the significant influence this view on strategy

had during the 1970´s. According to French (2009, p. 54) the planning school contains the following eight elements:

1) "Vision and Mission
2) Objective setting
3) External environmental scanning
4) Internal environmental scanning
5) Strategic alternatives (crafting strategy)
6) Strategy selection
7) Implementation
8) Control"

As can be seen, there are similarities to the design school in terms of external and internal environmental scanning. However, in contrast to the design school, strategy alternatives and selection are not merely discussed by management, but evaluated through a formal process using numerical measures such as internal rates of return and return on investment (Mintzberg et al., 2009; White, 2004). In addition, one of the major limitations of the design school is eradicated through the inclusion of a detailed process of implementation. The flipside of such a detailed rigid formal process is that it leads to significant complexity (French, 2009; Steiner, 1979). In addition, Kipley and Lewis (2009) argued that the planning school, in its original approach, tends to be applied in a static manner, which might have been appropriate during the 1960's or 70's, (the period of the initial emergence of the perspective), but deemed a limitation today. Furthermore, similar to the design school it was found that the planning school follows a top down approach not considering the input of sub-organisational levels of management (Kipley and Lewis, 2009). However, as Grunert and Ellegaard (1993) pointed out, this allows participants to gain an insight into how decision makers tackle their tasks, what they perceive to be success factors for their business and importantly how these perceptions are formed.

Many processes involved the creation of a number of strategies for long, medium and short terms, whereby these were typically five, three and one year in scope. As a result, Hamel (1996, p. 69) argued that if this planning process became so

complex and detailed it was a "calendar driven" activity rather than strategic. In addition, the idea that a strategy can be exclusively planned in ever changing environments has been the basis of considerable discussion (Brews and Hunt, 1999; Grant, 2003; Sminia, 2009). However, Kipley and Lewis (2009, p. 1) after evaluating a number of schools of thought argued that the planning school "is the most effective when planning and formulating strategy to achieve optimal financial performance with firms competing in discontinuous levels of environmental turbulence". Although plenty of research has been conducted on the planning view, another perspective within the classical schools of thought is the positioning school.

2.3.1.3 Positioning School

The positioning school has had one of the biggest impacts on the field of strategic management over the last three decades (Mintzberg et al., 2006). Although it proposed some completely new ideas and took a significantly different approach to the design and planning schools, the positioning school was based on a number of underlying principles of the planning school too; such as employing an analytical process to formulate strategy in a systematic manner (French, 2009, Kipley and Lewis, 2009). The most prominent scholar was Michael Porter, who stimulated a general interest by publishing his book *Competitive Strategy* in 1980. Although some of the concepts were not completely new, it was Porter who pulled them together and constructed a coherent framework, making it the most prominent school of thought in the 1980´s (White, 2004; Whittington, 2001). In fact, some inspiration came from the economics field of industrial organisation, trying to explain how industries behave, and even the field of military strategy (Mintzberg et al., 2009). This view of strategy aims to identify an appropriate industry or market to be in, and selecting the highest value-adding segment as the one of choice.

The positioning school not only focuses on the processes within the firm for strategy formulation but applies it in context to the industry structure (Kipley and Lewis, 2009). According to Whittington (2001), industry structure should be assessed according to profit potential determined through Porter's five forces,

namely supplier power, buyer power, competitive rivalry, threat of substitutes and threat of new entries. The aim was to compete in industries that were structurally favourable. This in summary corresponded to the classical views that firms should focus on structurally attractive industries determined by rational decision making using profit potential as the underlying criteria. Notably, the most radical change from both the design and planning school was that the positioning school limited the number of strategies by declaring just a few positions favourable in the market place, namely those that could be defended against competition (Mintzberg et al., 2006).

In contrast, the design and planning schools virtually imposed no restrictions on the amount of strategies a firm could follow, emphasising that strategy should be individual to each firm. The positioning approach greatly reduces the complexity this method of strategy formulation can develop into, and simplifies the strategies to so-called *generic strategies*. These are essentially two: *Cost Leadership* and *Differentiation*. Including the scope of the firm, these can be extended to three by adding "Focus" to either of the other two, leading to *Cost Focus* or *Focused Differentiation*. Generally these are self-explanatory and therefore will not be explained in more detail. However, as Hibbert (1997) stated, these strategies should enable firms to position themselves in the marketplace to gain a competitive advantage. In order to better implement the strategies, a closer look must be taken at the configuration of business processes. As a means to do so, Porter (1985) constructed the value chain model to outline the different steps firms go through in order to create value and superior business performance (Feller et al., 2006). The value chain framework is another well-established theory within the positioning school. According to Johnson et al. (2011, p. 96), the value chain framework simply describes "the categories of activities within an organisation which, together, create a product or service". As presented in Figure 2.2, Porter (1985) differentiated the value creation process between primary activities, which are directly related to the creation and delivery of products and services, and support activities, which help to enhance the effectiveness and efficiency of the primary activities.

Support Activities

Infrastructure

Human Resource Management

Technology Development

Procurement

Inbound Logistics

Operations

Outbound Logistics

Marketing and Sales

Service

Margin

Margin

Primary Activities
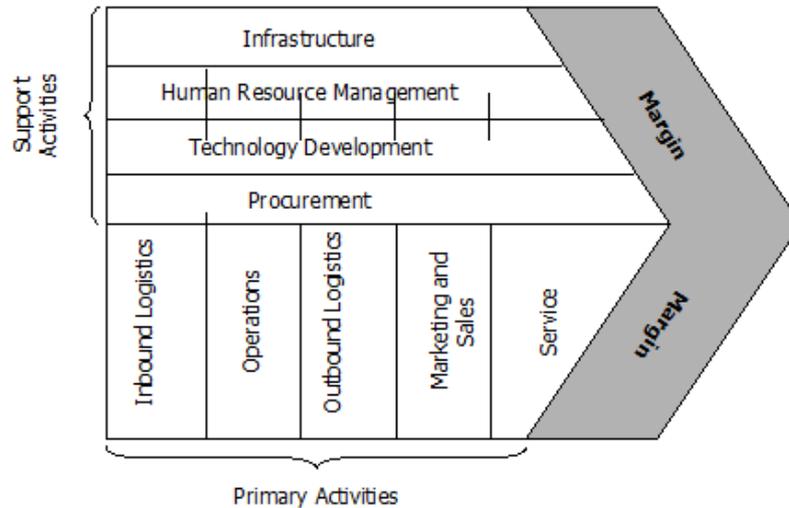
Figure 2.2: The Value Chain
Source: Recklies (2001b)

In order to deliver value to customers, organisation's managers have to understand which business activities add value to the customer and which do not (Johnson et al., 2011). Furthermore, this framework helps to identify the competitive position within the market place, by identifying which products or services are valuable, rare, difficult for others to imitate and non-substitutable. Finally, Johnson et al., (2011) argued that the value chain helps managers to identify the cost of activities. Therefore, Campbell et al. (2002) argued that this enables managers to understand how effectively and efficiently the operations of their company are operating in comparison to their competitors. However, Lynch (2009) pointed out that supply and distribution value chains have to be considered as part of a wider analysis of the value system. This represents the fact that not all stages of value creation are carried out in the actual company. Although organisations might be efficient and effective within their own processes, competitors might gain a competitive advantage due to better suppliers or distributors.

Finally, Lynch (2009) argued that the process of value chain analysis is a timely and costly process if done correctly. However if companies correctly identify the elements that are crucial to the provision of the service or product, and could therefore be defined as CSFs, these will provide the focus for the analysis and could be some of the activities which actually add value to the product or service. However, Walker (2007) revealed that Porter's value chain model is far too

simplified to truly account for complex value chains in today's businesses. Especially since the emergence of Information Systems (IS) in every aspect of business, hardly any company can manage without systems such as Enterprise Resource Planning (ERP) which are not accounted for in the original model (Brathwaite, 1992; Recklies, 2001a).

Nevertheless, Walker (2007) acknowledged that it is a good model to explain single business units and compare and analyse the structure and configuration of competitors against the company. Feller et al. (2006) similarly argued that although the value chain model has existed for more than 25 years and in its original form is outdated; it has evolved over time and is still very much relevant today. Four factors were identified that make the value chain analysis appropriate. Feller et al. (2006) identified that firstly, increased competition causes firms to focus more resources towards remaining competitive, and formulate strategies to achieve this. Secondly, the emergence of new business models such as online firms, and the Resource Based View (RBV) of strategy, exemplifying that there are alternative ways to configure resources to achieve a certain goal, prompted businesses to revaluate their strategy and structure. Thirdly, the continuous development of globalisation, requiring companies to evaluate the entire value system by modelling and analysing an international value chain rather than just their own. Lastly, the long practiced improvements on the supply chain of businesses have come to a point where further improvements in efficiency are difficult to realise (Zairi et al., 2010). Therefore, according to Feller et al. (2006) and Zairi et al. (2010) the focus has shifted from the supply chain to the value chain in an attempt to further improve efficiency by adopting a broader view of the organisation and identifying and eliminating or outsourcing those steps that do not add value to the product or customer.

However, although the above concepts and this view of strategy have been applied extensively, they have been criticised heavily. French (2009) argued that the identification of attractive industries through Porter's five forces model is modernistic whilst neo-economic thinking fails to understand and incorporate external factors such as government intervention in its equation. In the light of the recent turbulences especially, the role of governments and other external forces

seem indispensable. Furthermore, French (2009) picked up on the widespread critique and argued that dynamic and discontinuous change further reduced the universal applicability of the generic strategies in particular and the overall concept of the positioning school. In addition, the future has become less and less predictable due to the increased number of relevant external influences. Recklies (2001a) on the other hand argued that although the criticism is justified, Porter's models are based on the economic situations of the 1980's and need to be adapted to today's economic conditions. Specifically, the argument that the classical schools of thought do not sufficiently consider changing environments and change in general as well as the belief of a one size fits all mentality leads to the next section on neo-classical schools of thought.

2.3.2 Neo-Classical Schools of Thought

The second category of thought according to French (2009) are the neo-classical schools of thought. These include the Contingency View and the Resource Based View (RBV). These theories touch upon the problems of the classical schools of thought in the sense that they are based on the belief that there is no 'one fits all' approach to strategy. As with many concepts these too share some assumptions with the classical schools of thought on strategy.

Contingency theory is a somewhat diffuse concept as it provides few boundaries as to how firms should go about formulating their strategy. It is based on a number of assumptions, such as that there is no universal way for strategy or business configuration (Wade and Schneberger, 2006). Similar to the classical schools of thought, organisations within the contingency school must not only consider the external environments, but create "fit". According to Wickham (2000), fit in the sense of this school can refer to two things; primarily that the organisation is structured in a manner to fit the environment it is operating in and secondly that it is fit in general terms to compete with the competition. Furthermore, fit needs to be established between the organisation and its subsystems (Fiedler et al., 2011). It therefore suggests that because of the many possible variations of structuring a company or the infinite possibilities of serving the market it is dependent on the company to structure the available resources in manners that can not be generalised but are unique for each firm.

The aspects that make this theory difficult to apply are according to Goldhaber (1993), that the effectiveness and competitive structure is made up through numerous influential factors such as the workforce (such as age, sex, education and tenure), internal and external constraints, the organisation itself, its subsystems and suprasystems and many more factors. As a result, every possible element could have an effect on the others to an extent that relationships can only be "meaningfully investigated when possible interrelated variables are controlled, either by careful sample selection or by measuring aspects of an organisation that can be postulated to impact on the variable of interest" (Baker, 1996a, p. 169). This however creates such a complex system of interrelationships that it is virtually impossible to create strategies that are the same for a number of organisations, thus preventing generalisation from being made (Baker, 1996a). Therefore, this approach to strategy focuses much more on the differences between organisations, following the underlying principle that there is no one best way to do things. Mintzberg (2009) argued that under the contingency view even the same business on different continents has different needs. The suggestion that even the same business can have different needs based solely on location, creates a highly adaptive model of strategy which is determined by the elements that make up the business i.e. the resources they have at their disposal.

An approach following similar lines of thought as just described and picking up the concept of the previous sentence is the RBV. The RBV originated from the idea that certain firms are better at what they do or earn abnormal profits due to the configuration of their resources (Miller and Whitney, 1999). The theory is rooted in Edith Penrose's work in the 1950's and is part of the field of strategic management (Hoskissen et al., 1999). This view on strategy has long been in the "shadow" of the prevalent theory of the positioning school, but has gained much significance over the last fifteen years together with the learning based view (Burnes, 2009; Hoskissen et al., 1999). As several scholars feel that strategy literature focuses too much on market positions as competitive advantages, RBV takes a different perspective on firms in terms of emphasising a firm's internal strengths and weaknesses in relation to external opportunities and threats (Dierickx and Cool, 1989; Hoskissen et al., 1999; Itami and Numagami, 1992).

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RBV considers firms as individual sets of bundled resources which ideally should be valuable, rare, inimitable and not substitutable to achieve a sustainable competitive advantage (Bartlett and Ghoshal, 2002; Eisenhardt and Martin, 2000). Resources can be tangible or intangible, explicit or tacit knowledge or anything the firm can use to outperform its rivals (Warren, 2003). These resources should then be configured in a way that leads to the exploitation of a sustainable competitive advantage and above average returns. Here too, as in the contingency theory the configuration of these resources has an immediate effect on all aspects of the firm. However, one of the criticisms of RBV has been that it does not sufficiently explain why certain firms outperform others and that it merely restates a SWOT analysis (Eisenhardt and Martin, 2000; Teece and Pisano, 1994). Other scholars such as Teece (1994) have taken RBV and extended it into dynamic markets which will be discussed in the next section on post-classical schools of thought (Eisenhardt and Martin, 2000).

2.3.3 Post-Classical Schools of Thought

Although scholars such as French (2009) have clearly divided the following theories into the post-classical schools of thought, it is not entirely clear as to where the boundaries are. As mentioned above, Teece (1994) has taken the RBV and extended the framework with dynamic capabilities in order to overcome some limitations of the RBV. Therefore, although in this study, dynamic capabilities are presented under the heading of post-classical schools and learning schools in particular, it does not always have to be the case. To clarify, other scholars such as Mintzberg (2009) argued that the entire idea of RBV can be grouped under the heading of learning schools as it developed over time to include the concept of dynamic capabilities which according to Mintzberg (2009) should be classified separately as configurational schools of thought. Therefore, as one of the major critiques of almost every school of thought is that they do not account for emergent strategy and learning, it is important to acknowledge that certain elements can merge into other schools of thought.

As indicated in the introduction to this section, the boundaries between ideas, frameworks and schools of thought are not as easily distinguishable as some of

the previous ones. Mintzberg (2009) argued that this is the result of 50 years of work on the discipline of strategic management, and the increased complexity and cognitive nature of the theories produced. In fact, although French (2009) presented the model of schools of thought as neat boxes, this section will present the post-classical concept of dynamic capabilities and the emergent schools of thought in one section due to their interrelated structure. The emergence school of thought follows the basic idea of the contingency view that strategy is too complex to be drawn up before things actually happen. Rather than acting on what managers think will happen, they should concentrate on making the right decision when it needs to be made. This school of thought also focuses very much on learning, "coming to an understanding through the taking of actions what those intentions should be in the first place" (Mintzberg et al., 2009, p. 199). This concept of RBV was extended by Teece and Pisano (1994) as they emphasised that while the resources a firm uses are capabilities, a further "skill" was needed which they referred to as dynamic capabilities. Dynamic capabilities can be considered as the ability of a firm to adjust their capabilities to their environment. In order to understand this concept better it is necessary to differentiate between the capabilities of a firm, and the ability of firms to be dynamic in their capabilities; that is, the ability to constantly adapt to the environment (Eisenhardt and Martin, 2000; Teece, 2009; Teece and Pisano, 1994; Zollo and Winter, 2002). Another description of the use of dynamic capabilities by Johnson et al., (2011, p. 90) was that they are valuable "when they provide potential competitive advantage in a market at a cost that allows an organisation to realise acceptable levels of return". Again, the difficulty with dynamic capabilities is the fact that they cannot be clearly defined, but rather described as routines or processes embedded within a firm's operational cycle (Zollo and Winter, 2002).

What makes the matter more complex is the fact that there are no universally applicable dynamic capabilities, but every industry and firm might have their own. Therefore, dynamic capabilities seem to be idiosyncratic. However, Eisenhardt and Martin (2000, p. 1111) have reconceptualised this idea and argued that there are commonalities between dynamic capabilities "(i.e. best practice) with some idiosyncratic details". Often these descriptions of dynamic capabilities have been criticised as being non-measurable and hypothetical, whereas

Eisenhardt and Martin (2000) argued that they can be observed and analysed, and give examples such as firm procedures that lead to successful product creation. The framework that the concept of dynamic capabilities provides tends to include the factor of change in the process of strategic resource selection, configuration, reconfiguration and acquisition. As a result it influences the rate at which capabilities change within a firm (Teece, 2009). Therefore, if dynamic capabilities are "routines" a firm possesses in order to adapt to change and succeed in the current environment, the question of where they come from arises. A good explanation was provided by Zollo and Winter (2002), who defined three key areas of organisational "learning mechanisms" leading to dynamic capabilities and therefore influencing operating routines as illustrated below in Figure 2.3.
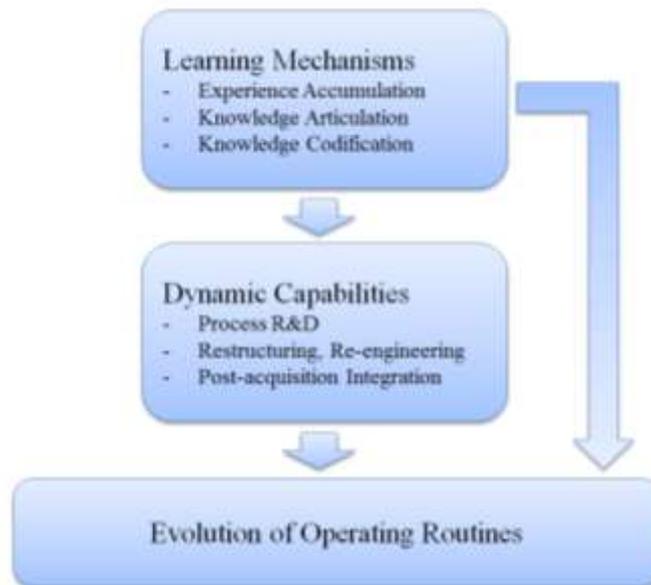
Figure 2.3: Learning, Dynamic Capabilities, and Operating Routines
Source: Zollo and Winter (2002)

To provide a brief explanation of Figure 2.3, experience accumulation stems from the normal routines of operation. Every time capabilities are used within a firm, experiences are gained which will be incorporated in the repeating capabilities (Zollo and Winter, 2002). Knowledge articulation refers to the process of distributing and infusing the articulable portion of tacit knowledge throughout the organisation and therefore maximising its usefulness (Coghlan and Rashford, 2006; Zollo and Winter, 2002). Finally, knowledge codification is the last step in

ensuring that existing knowledge is diffused throughout the organisation, and aids in the coordination of complex activities (Witcher and Chau, 2007). An example of this would be a hospitality establishment embedding knowledge codification in their dynamic capabilities in the form of guidelines on how to prepare the rooms for guest arrival (Siggelkow, 2001). A further factor determining the usefulness of dynamic capabilities is the rate at which markets change. To differentiate between slow and fast moving markets the terms "moderately dynamic markets" (MDM) and "high velocity markets" (HVM) will be used throughout this thesis and was adopted from Eisenhardt and Winter (2000) (Eisenhardt and Martin, 2000, p. 1110).

While authors such as Teece (1994; 2009) aimed to improve the idea of RBV through the addition of dynamic capabilities, the use of them is only limited in almost static markets. However as change increases, the nature of dynamic capabilities does too. The reason is that dynamic capabilities in MDM are primarily based on existing knowledge, and can be used to respond to changes in the environment which occur at regular and relatively predictable intervals. In HVM however, the dynamic capabilities (routines) are simple and should not be complex as they need to be continuously adapted to the new requirements (Rivkin and Porter, 1999). If dynamic capabilities enable firms to match their resources to the needs of the environment on a constant basis, it implies that firms achieve strategic dynamic fit. Although not directly part of the learning school, this concept will briefly be covered as it helps to provide a holistic picture of dynamic capabilities.

2.4 Strategic Dynamic Fit

According to Miller and Whitney (1999), the implementation of a strategy is the most important step within an organisation. Fifield and Gilligan (1999) agreed on the importance of correct implementation and added that every failure to do so can be considered a direct effect of a failure in formulation. Thus, ensuring strategic fit in all steps will result in the successful achievement of set objectives. The idea of dynamic strategic fit is that firms always achieve fit through their dynamic capabilities. In order to better explain the concept of strategic fit in a dynamic environment there are several areas that must be looked at in more detail. The

term fit in general needs to be explained as there can be several meanings attributed to it (Venkatraman, 1989; Venkatraman and Camillus, 1984). Apart from the two specific definitions Baker (1996b) made, in the literature on configurations the idea of fit refers to the interrelationship between activities within a firm. Alternatively, the literature on contingency treats the idea of fit as the match of a firm's choice with regards to its external environment (Siggelkow, 2001). To clarify, the suggestion by Siggelkow (2001, p.639) to differentiate between "internal fit" and "external fit" will be adopted for this thesis.

Internal fit refers to the coherent configuration of resources and the structure of the firm with regards to its strategy. A good illustration of a coherent strategy and therefore internal fit was given by Siggelkow (2001) and his graphical illustration of the aligned strategic decisions made in a case study on the clothing retailer Liz Claiborne. Every decision has a clear purpose and takes into consideration the impact it has on the overall company goal. External fit, however, refers to the matching of a firm's chosen strategy and structure to the demand of the marketplace and environment. Situations may arise where a firm achieves perfect fit either internally or externally but fails to perform well overall (Charan, 2002). An example where this could happen is when a company achieves perfect internal fit, but fails to achieve external fit (Siggelkow, 2001). In such a case the internal strategy would all be coherent and make sense, but fail to address what the market wants or needs. This is the result of a need for firms to find a balance of both internal and external fit, hence strategic dynamic fit (Douma et al., 2000). A framework that can be used to determine whether dynamic strategic fit can be achieved given the current contingencies of a firm is illustrated in Figure 2.4 (Zajac et al., 2000).

Does Strategic Change occur?

	Yes	No
Is Strategic Change needed to establish Dynamic Strategic Fit? Yes	Beneficial Strategic Change (Dynamic Fit)	Insufficient Strategic Change (Dynamic Misfit)
No	Excessive Change (Dynamic Misfit)	Beneficial Inertia (Dynamic Fit)

Figure 2.4: Framework for Dynamic Strategic Fit
Source: Zajak et al. (2000)

In this framework there are four distinct outcomes. It takes into consideration whether change is needed and whether it occurs, and from that comes to a conclusion as to whether there is dynamic fit or dynamic misfit. Dynamic fit is the desired outcome, however according to Zajak et al. (2000), there is a preferable form of misfit in the sense that "excessive change" also leads to misfit but is less harmful to firms than "insufficient strategic change" as firms at least have the ability to change and can get it right in future. This assumption is derived from the belief that firms that do not change in the presence of the need to change would not do so due to organisational inertia or the inability to change (Burnes, 2009; Siggelkow, 2001; Zajac et al., 2000).

A tool to better illustrate the relationship between internal and external fit is the NK-Model explained in the following paragraph (Porter and Siggelkow, 2008). The NK-Model is often used for simulation purposes and allows us to graphically illustrate how internal and external fit interact (Porter and Siggelkow, 2008).

Performance Landscapes

1a. Performance Landscape, Early 1900s

The Ford production system (low flexibility, low variety) provides high performance.
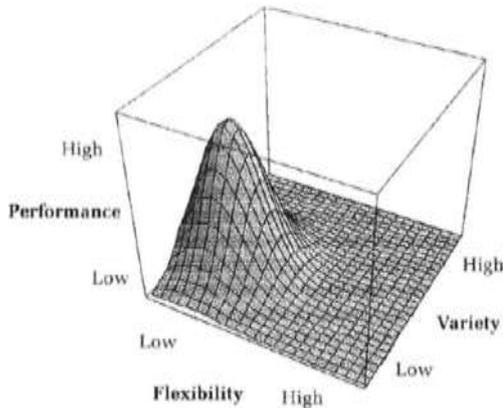
1b. Performance Landscape, 1980s

The Japanese production system (high flexibility, high variety) provides better performance, while the value of the Ford production system has decreased.
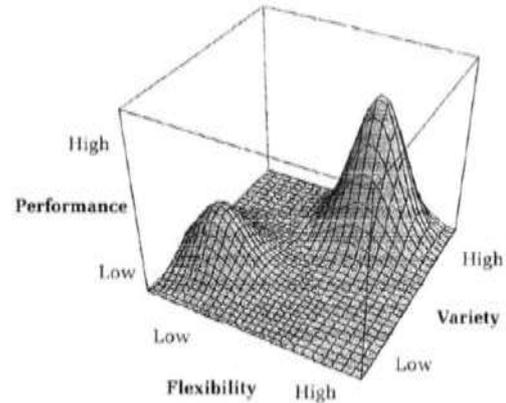
Figure 2.5: Example of NK Model to visualise change in Strategic fit
Source: Siggelkow (2001)

Although it is a very theoretical approach, it aids in the analysis of strategies and in conjunction with the "change framework" allows firms to analyse appropriate responses to change (Siggelkow, 2001, p. 841). The change framework utilises the two dimensions of internal and external fit and whether these changed. By moving along the relevant boxes, four possible outcomes arise, namely "no change, fit-conserving change, beneficial fit-destroying change" and "detrimental fit-destroying change" (Siggelkow, 2001, p. 841). Except for "no change" each of these outcomes represents a movement of the firm's position on the NK-Model landscape or a movement of the landscape itself.

External Fit

	No Change	Change
No Change	No change	Fit-conserving change
Change	Benign fit-destroying change	Detrimental fit-destroying change

Internal Fit

Figure 2.6: The Change Framework
Source: Siggelkow (2001)

The actions firms can take in each case have significant impact on their future development as some strategies can be destructive in the long term (Siggelkow, 2001). What is important is that there might be several peaks on this "landscape" and it is up to the organisation to identify the highest or most desirable peak, and create an organisational structure that allows creation of fit between the organisation and the environment (Rivkin and Porter, 1999).

Finally, the concepts of organisational equifinality, complexity and interrelationships need to be mentioned to provide a holistic view of dynamic strategic fit. According to Jacobs and Jacobs (2010, p.1) equifinality "is the concept of multiple paths to a common end state. Equifinality is an implicit assumption of […] research that presupposes that each organization is unique and that local details such as employee expertise, technology, and economic and cultural environments matter in the determination of organizational outcomes". The idea that there is one best way of doing something, as can be perceived by the concept of dynamic capabilities, does not hold up. There might be a best practice or benchmark for certain capabilities, but the way a firm achieves it can be different. This refers back to the school of RBV, where firms can have significant differences in resources, but achieve a similar outcome (Stacy, 2007). Complexity and interrelationships influence the ability of firms to achieve strategic dynamic

fit. Both terms should be seen as an attempt to describe the operations of firms. The more effects each "decision node" has on other factors in the business model, the more interrelated it is (Sanchez, 1997; Stacy, 2007). This also increases the complexity of a firm as a decision to alter a single thing could have multiple effects on other processes. Therefore, the responses of firms to dynamic misfit can have a much larger impact than initially thought, and firms with highly complex routines, face higher failure rates in changing environments (Levinthal, 1997). A relatively small change can have a knock on effect along the set-up of operational routines that causes a major change in the organisation's strategy (Siggelkow, 2001). Previously it was established that RBV can be extended by dynamic capabilities which become especially important as firms operate in markets which are subject to change.

As indicated earlier and underlined through the introduction and adoption of MDM and HVM from Eisenhardt and Martin (2000), the increased volatility and uncertainty of today's business environments especially over the last three years has to be taken into consideration in the discussions on strategy. As mentioned above the development of global markets, rapid changes in technology and many other factors have caused the business environments of firms to change much more frequently than before. This also means that more businesses find themselves operating in HVM where dynamic strategic fit becomes crucial to survive. As a result firms must not only concentrate to achieve fit, but also to remain dynamic in terms of their capabilities. This task becomes even harder when considering the scope of operation of many firms. The concept of fit however cannot be universally applied across all countries. A study by Lukas et al. (2001) revealed that although the concept of fit works in most developed markets, developing markets seem to have different dynamics and therefore the concept of fit as it is commonly applied needs to be adapted. Furthermore, the increased complexity and interrelationships within firms' structures lead to more unpredictable results especially as the concept of equifinality is included (Stacy, 2007).

2.5 Development of Strategy

Starting from the classical schools, these focused too much on reasoning and not enough intuition such as employee contribution in the strategic planning process (Whittington, 2001). These shortcomings made them sound in theory, but failed to address the real-life situations of organisations. In addition, in an attempt to model, predict or control all aspect of the environments, these approaches to strategy quickly reached their limitations in how well they could be applied. During the time as the classical schools of thought were formed, the external environments changed much more slowly and the past could be used to a greater extent to predict the future than is possible today (Reeves and Deimler, 2011). In fact, Claver-Cortés et al., (2007) and Riccardo (2011) argued that the phenomenon, of the past being used less and less accurately to predict the future is being observed amongst many disciplines.

Today's business environment is full of risk and uncertainty. Globalisation, emerging technologies and increased transparency lead to increased competition and decreased power of organisations (Enz, 2010; Reeves and Deimler, 2011). According to Reeves and Deimler (2011), these new business threats result in considerable changes for business strategy making, especially taking into account that traditional strategic theories relied heavily on a more stable and predictable business environment. Considering the high level of volatility in today's world, Reeves and Deimler (2011) revealed the difficulty of applying a strategic framework which for example is based on positioning when companies easily move from market leader to follower from one year to another. In addition, the authors revealed that due to the rapid changes of information and business practices (regulations and technology are developing extensively), it is questionable whether long term planning stays relevant. As a result Reeves and Deimler (2011, p. 137) concluded that a

"sustainable competitive advantage no longer arises exclusively from position, scale, and first-order capabilities in producing or delivering an offering. All those are essentially static. So where does it come from? Increasingly, managers are finding that it stems from the "second-order" organizational capabilities that foster rapid adaptation. Instead of being really good at doing some particular thing, companies must be really good at learning how to do new things."

In today's business environment, strategic decisions have to be adapted regularly based on external and internal influences. In order to survive and be profitable companies have to forecast, understand trends and adapt accordingly in order to sustain competitive advantages (Hassanien et al., 2010). As revealed by Hanke and Wichern (2009) forecasting is a valuable option for companies to reduce risk in a challenging environment. It can be used for stimulating the impact of future events, exploring potential markets, determining operational requirements or studying project feasibilities. The reduction of risk can also be said to be the purpose of strategic planning and therefore these two should be interrelated. This is particularly important as change cannot be entirely managed but companies have to be ahead of it in order to benefit from external influences (Frechtling, 2001; O'Sullivan and Dooley, 2009; Weerawardena, 2002). In order to survive in the business market, companies need to be able to experiment, be capable of managing complex systems and be willing to mobilise their resources to embrace change (Reeves and Deimler, 2011). As theories on strategy developed, learning became ever more important in all schools of thought. Picking up from the phenomenon at the beginning of this section, organisational learning has been the key to creating more realistic models of strategy formation and formulation. One of the approaches which drew upon a whole array of schools of thoughts and concepts was Mintzberg (1987, 1990, 2009) who depicted the process of strategy as shown in Figure 2.5.
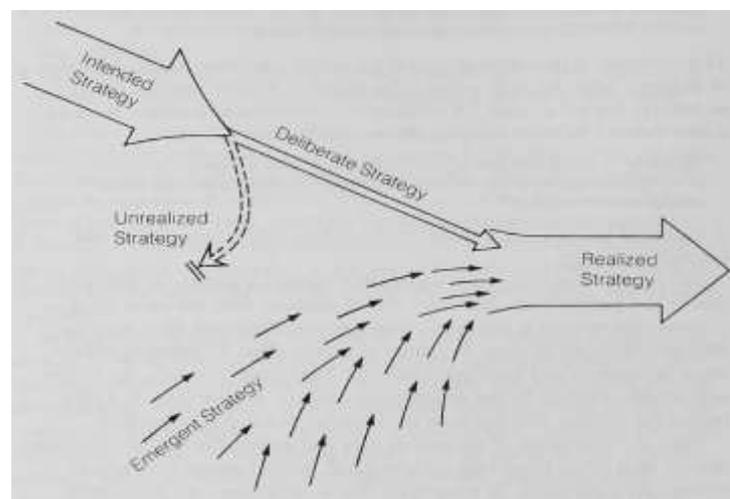
Figure 2.7: Strategy Process
Source: Mintzberg 2009

Although not specifically labelled, this model incorporated the idea that there was some sort of prescriptive strategy to start with. It accounted for unrealised strategy which could not be executed due to an incorrect conception or altered conditions, and very importantly allowed emergent strategy to form a large part of the actual realised strategy of organisations. One of the drawbacks is, however, that comprehensive conceptual models lack suggestions for implementation. Furthermore, other scholars such as Recklies (2001a) argued that it is an advantage to use more than one school of thought as a means to create strategy. Therefore, it seems that a pragmatic approach is to be selective and use concepts of several schools of thought according to the needs of the organisation and the attributes of the particular industry.

2.6 Strategy in the Hospitality Industry

Although there has been significant progress in the debate on strategy in general, there has so far been only limited progress in the field of hospitality strategy. One of the major questions that lay at the heart of all strategic frameworks was how to explain why certain firms perform better than others. The theories founded on the beliefs of industrial organisation such as the positioning school, argued that industry structure was the influencing factor. Contrarily, neo-classical theories such as the RBV make a firm's resources the relevant factor (Claver-Cortés et al., 2007).

According to Hassanien et al. (2010), there is a strong relationship between business strategy and success within the hotel industry. Particularly considering the fast moving business environment as discussed above, as well as changing needs and wants of hotel customers, the hotel industry has to constantly reconsider their services and goods in order to achieve a competitive advantage. Hotel operations that aim to achieve long-term success have to identify and align strategic methods by constantly employing environmental scanning techniques (Blasik, 2011). Further, it is crucial to understand customer demands in order to be able to add value to its hotel operations hence, achieving a competitive advantage. Blasik (2011) revealed that hotels have to understand and identify key

economic indicators that influence hotel operations. This is in line with the discussion on CSFs which will be covered in more depth in Chapter 3. Hotels have to understand strategic frameworks in order to be able to plan ahead and benefit from future trends. In the 1990s, customer expectations were rising even within the budget segment of hotels. This change was being met by the hotels with increased service levels. This shows the move from purely price-orientated strategies to service differentiation in order to adapt to the changing needs and wants of the consumer (Senior and Morphew, 1990). Ten years later, it was felt that branding was considered to be a valuable strategy to achieve a competitive advantage. Standardised designs and services were implemented in hotel chains (Brotherton, 2000). In the customer-orientated hotel industry, this example shows the importance of a monitoring of trends, needs and wants to create strong resources in order to remain competitive and successful. Tavitiyaman et al. (2011) furthermore agreed that hotels with strong resources are able to differentiate themselves from competitors, leading to success in the business environment. In order to differentiate oneself from competition, the concepts of boutique and niche hotels have experienced a renewed interest (Jamieson, 2012). These factors of differentiation can range from distinctive design or themes to anything from architecture to activities. A success story that could be named as an example is "Motel One" from Germany which heavily focuses on style and design despite its name suggesting otherwise. In fact, it's the strategy employed to be associated with low prices and high standard of quality, design and location with their motto "great design for little money". However, the same can be applied to independent luxury boutique hotels where the price element is replaced by another attribute such as unique characteristics and personalisation. The effect of strategy or strategic decisions in the hotel industry will be covered in more detail in the section on the UK hotel industry in Chapter 5.

2.7 Summary

This chapter has reviewed definitions of strategy, and some of the best-established schools of thought on business strategy to date. Furthermore, the developments within the field of strategic management as well as strategy formulations have been reviewed in order to provide a basis for the strategic framework development within the current study. This chapter revealed that the concept of strategy has

significantly changed over time particularly emphasising environmental change and the necessity to include learning in order to account for today's rapidly developing marketplace.

Achieving sustainable competitive advantages as intended to within the first schools of thought was revealed to be increasingly difficult as a result of increased consumer power and threat from substitutes. Particularly, globalisation, emerging technologies and increased transparency were shown to play a major role within the business environment. Consequently, organisations have to constantly adapt to change through strategic reviewing and forecasting in order to be profitable and to achieve a competitive advantage.

The concepts of change and fit, essentially the adaptation of companies strategies and operational routines to those changes have taken over a large portion of discussions of strategy in business and pose some of the challenges that are faced by businesses and academia alike. While all reviewed approaches have their distinct advantages, they are often accompanied by limitations that arise from the underlying approach to strategy or the change in the way business is conducted in changing times; i.e. the pace at which change happens causes static views on strategy to be outdated and too slow to adapt. This chapter is especially important for the following discussions on how measurement of success should be addressed, what approaches to strategy formulation and implementation are adequate in today's environment and which tools can be used to execute the formulated strategy. Although broad in scope and revisiting the origins of strategic management, this chapter provides the foundation upon which to build a framework for UK four and five star hotels to approach strategy which is defined as the fourth aim and constitutes a main contribution to knowledge. Furthermore, in order to contextualise the CSFs approach in the wider management and strategy literature, a thorough review of that literature was deemed necessary in keeping with the fifth aim.

CHAPTER 3: CRITICAL SUCCESS FACTORS

3.1 Introduction

This chapter aims to define and discuss the concept of CSFs. Previous literature identified CSFs as "the limited number of areas…that insure successful competitive performance for the organisation" but also "the few key areas where things must go right for the business to flourish" (Leidecker and Bruno, 1984, p. 23; Rockart, 1979, p. 85). This chapter forms the second part of the literature review, in which the meaning of success will be reviewed with a specific focus on the business literature. Furthermore, the original concept of CSFs will be described, before moving on to the various applications within other fields of study. This chapter will also look at the variations in the CSFs approach that have emerged from the original concept and how these developments have shaped the CSFs approach within the field of strategic management and strategy formulation and implementation. Finally, the limitations and conceptual shortfalls of the CSFs approach will be analysed.

3.2 Success

Business success can be seen as the basis of the CSFs approach. The word success is the result of the combination of the following two Latin words. Firstly, "sub" which has developed into "suc" meaning "under" and secondly "cedere" which became "cess" and stands for "to go". Therefore, literally, the word success means and stems from "going beneath". However, it could also mean "following after" as originally the word "succedere" meant just that (Edenics, 2011). Although most used in the context of someone following after someone else in the sense of the word succession as it is used today, it could also be used as the description to follow something. Therefore, originally the word success could have described the effort or action of following a goal. Taking this into the context of this study means that success is not only defined by the goals that are set, but also the effort or progress in achieving that success. Therefore, the commonly used question of what constitutes as successful or how to succeed, as used in several studies, should not only refer to the final goal, but also incorporate the journey or progress

in reaching it. It leads to the conclusion that success is not only a specific target that needs to be reached, but the process of following the goal in an effort to get closer to it. The CSFs approach by definition looks at the limited number of points that are critical to success (Bullen and Rockart, 1981; Daniel, 1961; Rockart, 1979). In order to be able to define these factors a review of what success constitutes must be carried out. Starting from a neutral point, the description of the word success given by the Online Oxford Dictionary (2011) is "the good … outcome of an undertaking". Judging from this definition, the good outcome must be measured against a set of criteria established by the person making the judgement of whether the undertaking was successful or not. Furthermore, the situation in which a classification of successful and unsuccessful is to be made must take into consideration during definition what constitutes success. The fact that other dictionary versions come up with up to five or six versions of the nature of success demonstrates that there might be several meanings attached to the word in different contexts making it ambiguous (Business Dictionary, 2011; Hienerth and Kessler, 2006). The same can be inferred from other studies which looked at the different measure of success and the literature which tries to deal with the quantification of it (Burgess et al., 1995).

Various authors have studied the field of success and applied it to different contexts. Within the business context, Griswold (1934, p.312) reviewed the "New Thought" theory which was assessed to be in accordance with the "American Success Theory". In these early theories, researchers regarded success as "the attaining of financial reward". Profit was taken as the highest level of success, and people achieving the highest profits were given the greatest glory. Griswold (1934) argued that business success was a result of qualities of mind, character and temperament such as "energy, ambition, determination, perseverance, patience and prudence". This principle followed the original idea of equality, allowing everyone with the right mindset to become successful thus associating the American Dream with success (Griswold, 1934). A slightly different approach was taken by Göbel and Frese (1999) who assessed different strategies and their impact on success. Göbel and Frese (1999) used the criteria of business growth, business size, employee satisfaction and employee salary as measures of success.

In a business context, Burgess at al. (1995) explained that the existing literature used measures of success as anything from compound asset or equity growth to return on capital, equity and sales. Even specialised accounting procedures such as "average value of market value to book value" measures could be used as a measure of success (Burgess et al., 1995, p. 76). Therefore, success could be defined as reaching any specific target of those measures. The question of what leads to success has been investigated by several authors over the last 20 years (Lussier and Halabi, 2010), however many only distinguished between success and failure without detailed analysis of what is deemed successful and what not. In a study which specifically looked at firms that closed down, Bates (2005) concluded that not all of them were unsuccessful but often better opportunities had arisen for the owners/shareholders posing too great an opportunity or missed opportunity cost. These findings are supported by other studies which came to the same conclusion (Headd, 2003). This of course raises the question of how one could possibly come up with a definition for business success if even the discontinuation of a business activity can be considered a success. Within the introduction to their study, Lussier and Halbi (2010) acknowledged that not every business that closes down is a failure, but did not further expand on appropriate classifications.

A study by Damnjanovic (2005, p.54) argued that "people with true beliefs about some domain of practical activity are more likely to succeed in their goal-directed activities". He therefore linked the importance of truth to success and revealed that truth plays a causal-explanatory role for succeeding in many personal and business related occasions. Within the research, the author referred to this relationship as the "success argument". However, the area of personal success and the perception of what constitutes personal success is very complicated. An argument was made by Powell and Mainiero (1993), who suggested that subjective internal success could be more relevant in the explanation of how people feel about their success. This would underpin the previous argument that success is defined by the individual goals set, and the journey to reach these. Powell and Mainiero (1993) found this to be especially true for women and their career success perceptions. In contrast, Russo, Kelly and Deacon (1991) stated that career satisfaction correlated closely to salary and rank for men. Another

problem with the definition of success is that it is open to subjective bias (Hienerth and Kessler, 2006). Often it is overestimated by people, who have a personal interest in the undertaking. Therefore the difference between failure and success is debatable.

Within the sports context, Smith and Bar-Eli (2007) assessed that there needs to be a differentiation between two cases of success. The authors revealed that success can either be defined within the context of task involvement where success or failure are based on self-referenced perceptions about the sport performance or it can be defined by ego involvement, when success is measured in comparison to peers' results.

University students' and pupils' success is another field that has received academic attention (Bourdieu et al., 1977; DiMaggio, 1982; Sulaiman and Mohezar, 2006). The measure of success in this case is mostly identified as the grade point average (GPA) (Sulaiman and Mohezar, 2006). DiMaggio (1982) however, argued that the matter of school success is simplified by only limiting it to grades as it takes more than measured ability to perform well in school. He therefore argued that family background is highly related to success in school or university. In addition, it was revealed that measured "intelligence explains no more than 15 to 30 percent of the variation in students' high school grades" (DiMaggio, 1982, p. 189). This idea stemmed from Weber`s (1968, p. 932) concept of "Status Culture" which posited that status culture, and to some extent success, is arbitrary as it "may be connected with any quality shared by a plurality". DiMaggio (1982) therefore argued that success should not only be limited to the grades of students but to the personal development and involvement in higher value social activities.

In this area of study, the concept of success has been incorporated into various fields. Delon and McLean (1992) developed a framework to measure success in the IS context. They felt that measuring success was crucial to the understanding of the value and efficacy of investments and management actions (Delone and McLean, 2003). Shannon and Weaver (1949) reviewed three different levels for successful communications within their Mathematical Theory of Communication.

First of all, they defined the "technical level" as the efficiency and accuracy of the communication system. Secondly the "semantic level" was identified to measure the success of conveying intended meanings to the message receiver and lastly the "effectiveness level" was identified to measure the effect of the transmitted information on the receiver (Shannon and Weaver, 1949). Delon and McLean (2003) implemented these ideas of communication success by adding systems quality at a technical level, information quality at a semantic level and user satisfaction and individual impact at an effectiveness level into their IS Success Model (Delone and McLean, 2003). The example for the IS Success Model and the Mathematical Theory of Communication show that there are, similar to the business, sport and educational field, different hierarchies and also various definitions of success within the communications context.

It can be said that in order to define success, a number of measurable factors must be established. The literature on success proposes a huge number of variables and to sort through all of them might do more to confuse rather than help as they portray success from various different perspectives (deBrentani, 1990; Rauch and Frese, 2007; Tagiuri and Davis, 1992; Winter, 2010). Therefore, if the term success is ambiguous, open to bias and highly context dependent, it must be considered separately in every case where a judgement or classification of success is to be made. A decision of what is successful and what is not, must be made against a set of indicators which measure the results of the chosen activity.

Nevertheless, the focus of this study will be on the organisational and business context. Therefore, the definition of success will be closely linked to Griswold (1934), Burgess et al. (1995) or Göbel and Frese (1999) who referred to business success as profit, market value, business growth and employee satisfaction. Finally, success in the context of CSFs was discussed in detail by Hart and Craig (1993). Similar to the IS context, Hart and Craig (1993) argued that there are different levels of success determined by the impact or rate of success. They summarised that different factors relating to different types of success have not been fully explored and would require more attention.

3.3 An Introduction to Critical Success Factors

The first to ask the question specifically and define "what are the essential factors that produce success in my company" was Spence (1955, p.79) in his article published by the Harvard business review. Although he did not further formalise this into a method or approach these are the origins of the idea on CSFs. The actual concept of CSFs was established by Daniel (1961) and further developed by Rockart in 1979 (Lin et al., 2004). Daniel (1961) believed that organisations were overloaded by information and that the crucial parts were lost in the mass. He created a hypothesis that not everything done in a business can be equally crucial to success. Therefore, there must be a limited number of factors which on their own contribute to a significant proportion of success and thus, are "success factors" (Daniel, 1961). Although Daniel's (1961) paper focused heavily on the IS side, additional examples were given which were crucial to success not necessarily focusing on IS issues. Examples included the automotive industry depending on styling of cars and an efficient dealer network as well as the food processing industry needing effective advertising. This indicated that the success factor approach could be used in a broader management application than purely IS.

In an attempt to clarify the concept of success factors, Daniel (1961) stated that most industries would have between three to six factors that could determine success. In addition, the jobs that have been identified as success factors must be done exceedingly well. However, Hofer and Schendel (1978) argued that a further characteristic needed to be added stating that management must be able to influence these factors through their decisions affecting the competitive capabilities of companies. A contrasting view by Freund (1988) argued that the CSFs concept does indeed include external competitive factors which are beyond the control of the firm as well as independent to their actions.

Rockart (1979, p. 85) summarised the early definitions for success factors as the "limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation". He therefore concluded that management should devote considerable resources to develop and measure performance in these areas. Furthermore, Dickinson et al. (1984, p. 50) extended

the definition of CSFs to conclude that they are "strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry - others are unique to the company".

According to Lin et al. (2004), originally Rockart (1979) developed the CSFs approach to create a framework for information control by defining a number of sources where success factors could be identified. In addition, the original article discussed the possibilities of applying the CSFs approach to further fields of study other than information systems (IS) (Rockart, 1979). Later in 1981, Bullen and Rockart released "A Primer on Critical Success Factors" which developed the concept of applying CSFs to more fields of management and set out a basic framework for application of the CSFs approach. Therewith, the authors also responded to Hofer and Schendel`s (1978) argument of CSFs being potentially influenced by management, as the model contained factors which were specifically beyond the control of management. However, Leidecker and Bruno (1984) critiqued Hofer and Schendel`s (1978) definition of CSFs as too simplistic and therefore supported Bullen and Rockarts (1981) approach. In addition, Geller (1985) added to the discussion by arguing that CSFs need to be extrapolated from goals and objectives which are deeply embedded within a firm's structure. Therefore, according to Geller (1985) each firm within different industries must find their own CSFs as they are dependent on the company goals. Naturally, as the body of literature on CSFs developed over the years, so did the number of definitions of what CSFs actually are. According to Fryer et al. (2007), Boynton and Zmud's (1984, p. 17) definition of CSFs "as those few things that must go well to ensure success" can be considered more universal than Brotherton and Shaw's (1996) more recent idea of CSFs, which they presented as "being the essential points that must be achieved by an organisation in order to receive the greatest competitive leverage". Brotherton and Shaw (1996) argued that due to the fact that Boynton and Zmud's (1984) definition can be applied to both the private and the public sector, a narrower definition such as theirs would be better suited.

As identified earlier, success cannot be considered the ultimate goal but the way of achieving the organisation's personal goals. This is supported by Brotherton and Shaw (1996) who revealed that CSFs are controlled actions to achieve an

organisation's goals, referring to the way of managing an organisation rather than "an assessment of a project's success" (Fryer et al., 2007, p. 502). Previous research (Grunert and Ellegaard, 1993; Lee et al., 2011) often referred to the concept of CSFs as Key Success Factors (KSFs) and used the terms interchangeably. However, Heinrich (1999) argued that CSFs should be viewed as separate concepts from KSFs as KSFs are the result of combining CSFs with competitive factors.

3.4 The Concept of Critical Success Factors

The previous section has analysed what CSFs are and how they have been defined by several scholars and in order to understand what the CSFs approach entails a closer look must be taken at three concepts; namely sources of CSFs, categories and hierarchies. These will be covered in the following subsections and are summarised in Figure 3.1. These factors are important and must be incorporated in research to avoid results such as those of Peters and Waterman`s (1982) study which claimed to have identified eight CSFs which would be applicable to all successful companies. This however was quickly disputed and criticised as many of the companies faced serious problems shortly after their publication (Baker, 1996a).
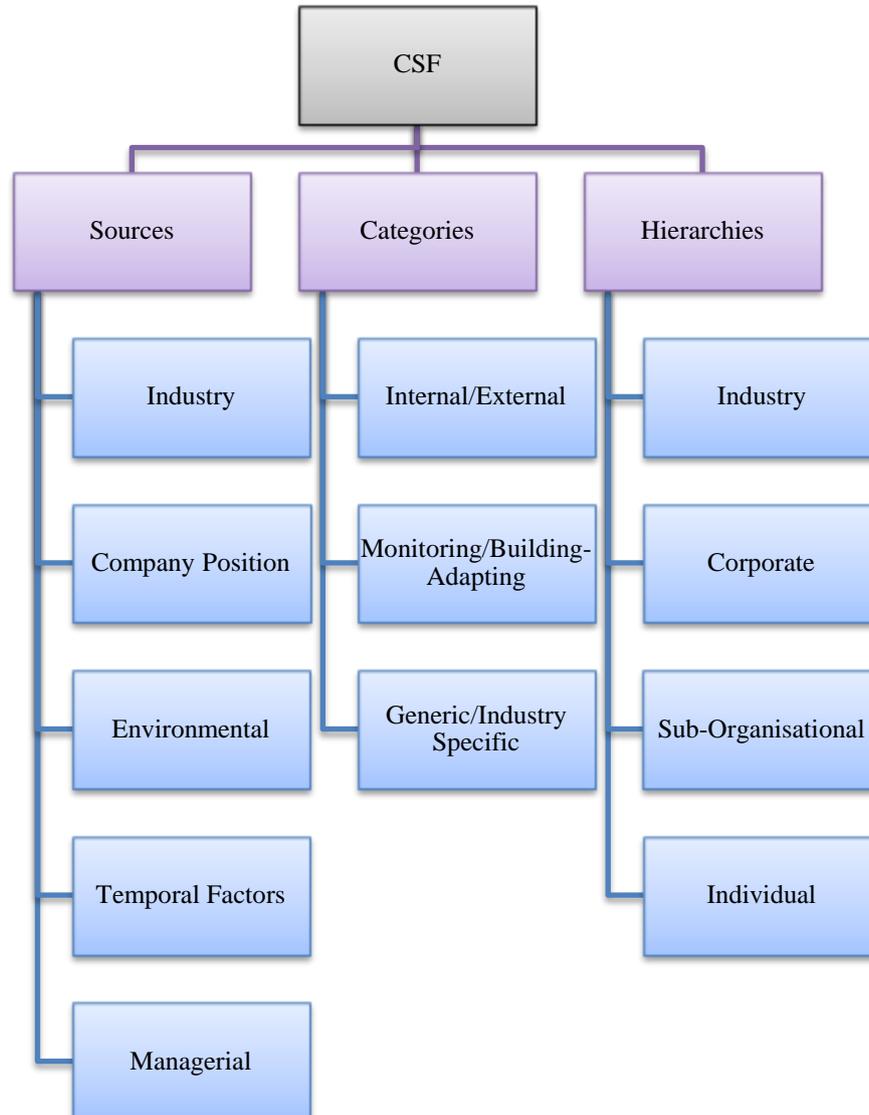
Figure 3.1: The Concept of Critical Success Factors
Source: Adapted from Bullen and Rockart (1981)

3.4.1 Prime Sources of CSFs

Initially established by Daniel (1961) and formally introduced by Anthony et al. (1972) were the "sources of CSFs". Although these sources were still very much in the context of IS, Bullen and Rockart (1981) adapted, expanded and completed these sources to "five prime sources of CSFs" that should be considered by anyone seeking to use the CSFs approach. As per Rockart's (1979) and Bullen and Rockart's (1981) articles, there are five prime sources of CSFs. The first being industry specific. According to Bullen and Rockart (1981), each industry has a specific set of CSFs which are applicable to all players in that industry

because of the nature of what they do. This means that all players must focus on these CSFs as they are relevant to them.

The second source of CSFs identified were competitive strategy and industry position. Although all companies operating in an industry must focus on CSFs specific to their industry, there are CSFs which are unique to each company. These results from the competitive position the firm has within the industry as well as its strategic implications. Further factors influencing company specific CSFs are the firm's history and geography. Therefore, any features which differentiate a company from other companies in the industry might give rise to other CSFs (Bullen and Rockart, 1981).

Environmental factors were found to be the third source of CSFs. Environmental factors are generally factors within the macro environment of the firm over which it has little or no control. These CSFs can range from obvious factors such as the economic cycle, GDP and political trends to less predictable situations such as regulation, sociological developments or technological innovations (Bullen and Rockart, 1981).

The fourth source of CSFs identified by Bullen and Rockart (1981) were temporal factors. These are events or areas which become the source of CSFs only for a limited period of time. They are not determined by long term strategy, industry or firm specific characteristics, but by events which are exceptional. This could be the case if a production plant is destroyed by an earthquake such as experienced during the earthquake in Japan 2011. The result would be that a temporary CSFs emerges in the form of "rebuilding the production plant".

Finally, the managerial position was identified to be a source of CSFs. These factors could be called role specific as they are inherent in the nature of the role someone plays. Each operational position has a number of CSFs which are determined by the nature of what the job is about. To present an example, the Chief Financial Officer (CFO) of a company would be concerned with budgetary control of a firm, which is the same for every CFO as that is the nature of the job. It could be compared to industry specific factors where all players in an industry

have common (generic) CSFs. In this instance all managers in the position of the CFO have a set of common CSFs which are the same because of what they do. This of course can be applied to various levels of the organisation, starting right at the top where the executive management operates or at the front line where staff carry out operational work (Bullen and Rockart, 1981). As shown in Figure 3.1 on the concept of CSFs, in addition to sources of CSFs there are a number of categories of CSFs that will be covered in the next section 3.4.2.

3.4.2 Categorisation of CSFs

As mentioned in section 3.4.1, Bullen and Rockart (1981) established two classifications. They stated that CSFs can be categorised by two distinct measures; internal vs. external and monitoring vs. building/adapting. Dickinson et al. (1984) and Tozer (1988) argued that there are more categories in which CSFs can be classified. They identified that in addition to the two categories mentioned above, both current vs. future orientation and active vs. passive factors should be added to the classifications. Dickinson et al. (1984) stated that while active CSFs are responsible for future success, passive factors will hinder success. Furthermore, Tozer (1988) stated that the matter of generalisability should be used as a classification into general vs. company specific CSFs. The notion of generic vs. context specific CSFs refers to the belief that some CSFs are universally applicable to an entire industry whereas some are only applicable to certain firms within an industry. The idea behind this is that certain CSFs will have a generic attribute applicable to all players in the market, whereas other CSFs are so specific to a firm's situation that they are context specific (Bullen and Rockart, 1981; Dickinson et al., 1984; Geller, 1985; Rockart, 1979).

Geller (1985) added that although there will be a set of generic CSFs for each company operating in an industry, the order of priority can change significantly between different firms. This results from each company having a set of context specific CSFs which potentially have a higher priority than the generic CSFs due to their short term importance and immediate need for attention. This thought leads to further discussion of the individual importance of CSFs in general. While some such as Geller (1985) and Baker (1996a) argued that the importance of individual CSFs will have different weightings not only within an industry, but

even within a single company, some studies seem to imply that all CSFs are equally important. This however, would ignore the field of IS that has adopted the technique of prioritising CSFs according to their relative importance and makes this practice critical to the determination of CSFs (Heinrich, 1999). This practice has also been adopted within the business strategy field, which is discussed in Leidecker and Bruno (1984, p. 30) who wrote an entire section about the determination of factor importance and stated that "some CSFs are obviously more important than others".

One of the two categories of classification defined by Bullen and Rockart (1981) is internal vs. external. They argued that CSFs can be divided into internal ones which can be influenced and/or controlled by the firm or the manager as well as external ones which are beyond the control of the firm/manager. Internal CSFs are present in all areas of companies and every manager will have them. They can range from budget control to team leadership and therefore be very diverse. The defining criterion for classification is whether or not the factor is within the control of the company or manager. For example, the weather is not within the control of the firm or manager but could be a CSFs for an ice cream manufacturer, and therefore needs to be classified as an external CSFs.

The second category for classification is monitoring vs. building/adapting. This category of CSFs are either factors which need to be monitored in order to flag up potential undesirable developments, such as product cost for a manufacturing business, or building/adapting factors which have the primary goal to implement or change a particular strategy, process or task as well as enable the company to adapt to a changed environment. Monitoring CSFs often have the goal of ensuring that firms and managers are staying on the right track, and are often determined by financial CSFs. Firms and managers that have tight control of their operations and are in a competitive position, tend to have more building/adapting CSFs. Therefore, more resources and effort are invested in preparing the company for the changing external environment. This type of CSFs is more future orientated as it focuses on the task ahead, while monitoring CSFs are crucial to keep the status quo. Bullen and Rockart, (1981) stated that normally there appears to be a tendency towards one of the two types of CSFs in managerial positions, whereas

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general managers will have a combination of both. Grunert and Ellegaard (1993) pointed out that this distinction between monitoring and building/adapting might not be as accurate within the context of strategy. They proposed a more precise distinction as environmental forces and business competencies in which "building … a business competence may be a reaction towards monitoring a development in the environment" (Grunert and Ellegaard, 1993, p. 249). Following their argument one would have to assume that there are no external CSFs, but only internal ones as it is how the company is prepared to deal with the changes in the environment that is critical rather than the environmental change itself. Again this view identifies the problem that it makes the assumption that all companies in the industry will be affected in the same way from the environmental change and are therefore similar.

Referring back to the concept of relative importance, some firms might be better prepared to deal with changes in the environment and therefore will not be affected as much. As identified by Wilson et al. (1992) the applicability of CSFs to companies within a single industry must be looked at in the context of the state of the firm. According to Rockart (1979) the less competitive pressure a company has, the more it was likely to focus on the building of CSFs for the future through changing strategies and adapting to new trends and environments. On the contrary, organisations within highly competitive environments were felt to follow the monitoring approach by reviewing current results and if necessary adapting to changes. However, it must be noted that when classifying CSFs, they need to be identified as coming from one of the five sources presented in section 3.4.1. To give an example, a factor could be an internal, building/adapting, temporal CSFs stating that it is from within or controlled by the company, designed to improve or orientate the company for the future and only relevant for a limited period of time.

3.4.3 The Hierarchical Nature of CSFs
According to Freund (1988), CSFs are best analysed in a top down method, starting at the corporate mission, objective and strategy level. When classifying CSFs in a hierarchical manner; distinctions must be made between the viewpoint

of individuals and the one of firms. While managers will have to rank their CSFs in order of priority, companies must differentiate and consider four different levels. At each level, no more than five to ten CSFs should be established in order to avoid too much detail or the accidental use of performance indicators rather than CSFs (Freund, 1988). Although Geller (1985) and Leidecker and Bruno (1984) suggested that another level should be introduced above the industry level, originally there were four levels as identified by Bullen and Rockart (1981) and this structure will be used for this study as the proposal by Geller (1985) and Leidecker and Bruno (1984) was never further formalised or adapted.

The first level at which CSFs appear, is the industry level. As explained in section 3.4, there will be a set of industry specific CSFs. These CSFs must be identified in order to be considered in the company's strategy, objectives and goals. Therefore by creating the company's strategy, objectives and goals, aimed at achieving the industry level CSFs, the company will create a set of CSFs at the "Corporate level".

The corporate level is also the second level at which CSFs can appear. Corporate level CSFs are determined by the "Industry Level" CSFs as well as the particular contingencies of the firm's situation. Therefore, within strategy formulation, the aims and objectives must reflect the industry level CSFs in order to define the corporate level CSFs. Furthermore, at this stage, temporal and environmental factors must be considered as these can have a significant impact on the corporate level CSFs.

Below the corporate level, CSFs can appear at the sub-organisational level. In order to determine, the CSFs for each department or operational unit within a company, the CSFs and therefore the goals and objectives of the entire firm (Corporate Level) must be considered. Again at this stage temporal and environmental factors must be considered as they have an impact on the CSFs at this level.

The final level as identified by Bullen and Rockart (1981) is the individual level. Similarly to corporate level CSFs, for each manager within the specific

department, there will be a set of CSFs which are made up by the CSFs that the department must achieve, as well as the goals and objectives at the Sub-Organisational level. At this level there will still be certain temporal factors which give rise to CSFs, but environmental sources become less important as they would be considered and factored in at the higher levels. At this level, however it must be acknowledged that there is a strong influence from the "Managerial Position" as the source of CSFs. Figure 3.2 portrays the above concept of hierarchical influence. The basic idea of this is that each level of CSFs is influenced by the "level" above it as well as some of the "prime sources of CSFs".
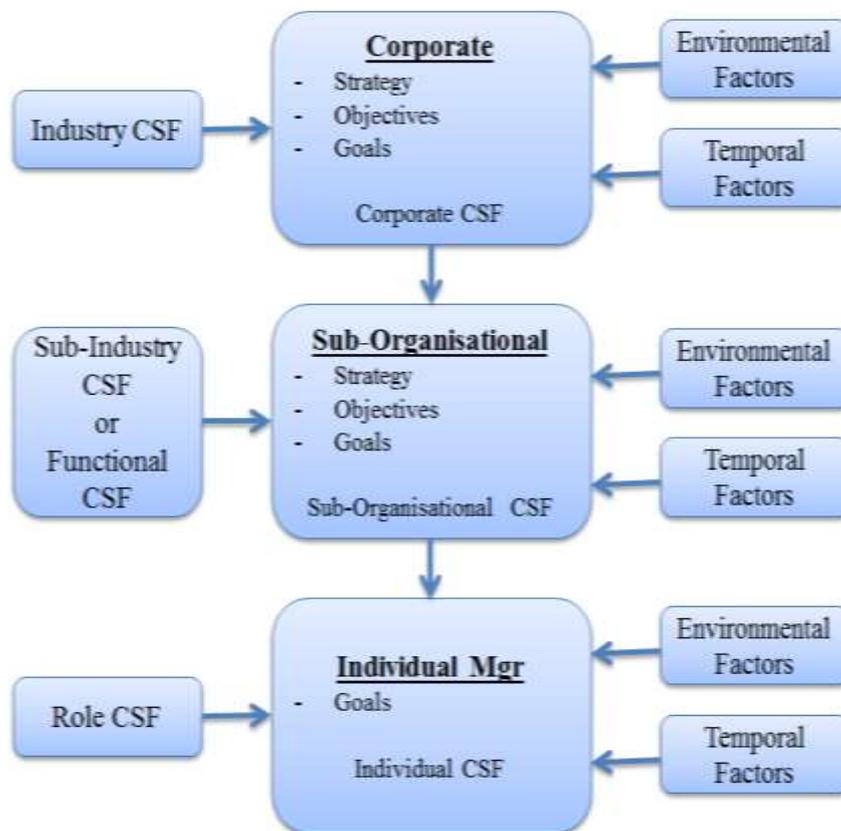
Figure 3.2: Hierarchical Influence from a Corporate Viewpoint
Source: Adapted from Bullen and Rockart (1981, p. 19)

Bullen and Rockart (1981) pointed out that individual CSFs can be applied at several levels. As was discussed before, a source of CSFs is the managerial role. Therefore, within the corporate structure, members of the executive board will

have CSFs which are specific to their role. In an attempt to illustrate how role specific CSFs can influence or appear at the corporate level, Bullen and Rockart (1981) illustration is shown in Figure 3.3.

Figure 3.3: The CSF Hierarchy
Source: Bullen and Rockart (1981, p. 21)

Figure 3.3 illustrates how role-specific CSFs can appear at all levels of the corporate hierarchy. Therefore, when talking about CSFs there are a number of classifications that need to be made. Firstly, what is the source of CSFs. Secondly which classification does it fall under (External/Internal and Monitoring/Building Adapting) and at which hierarchical level does it appear.

3.5 Application of CSFs Approach

The CSFs approach has been applied to several fields of study and many industries.

As can be clearly identified within Table 3.1 below, numerous studies have been conducted within the area of IS starting as early as 1979 and later on within the area of e-commerce (Boynton and Zmud, 1984; Buhalis and Main, 1998; Chen et al., 2004; Chow and Cao, 2007; Davis, 1979; Geller, 1985; Kamal, 2006; Martin, 1982; Mutschler et al., 2008; Poon and Wagner, 2001; Ravesteyn and Batenburg, 2010; Rockart, 1982; Volery and Lord, 2000). A further path within CSFs research has been the area of enterprise resource planning (ERP) (Francoise et al., 2009; Holland and Light, 1999; Hong and Gul, 2002; Ngai et al., 2008; Umble et al., 2003; Somers and Nelson, 2001). Further research adopted the CSFs approach to study strategic management (Bullen and Rockart, 1981; Freund, 1988; Chin et al., 2008; Leidecker and Bruno, 1984; Meibodi and Monavvarian, 2010).

As of 1996, Brotherton started to apply the CSFs approach to the hospitality industry, thus commencing the era of CSFs research within the field of tourism (Baker and Cameron, 2008; Getz, 2007; Hua et al., 2009; Thomas and Long, 2000). Next to these main research areas, further authors adopted the CSFs approach to study success factors within the product life cycle (Pinto and Prescott, 1988), human resources management (Hindle, 2005) or team projects (Dexter, 2010). Table 3.1 provides an overview of previous CSFs research. The table summarises the methodological perspective of the study as well as the industry.

Table 3.1: Previous Applications of the CSFs approach

Authors	Perspective/Method of Collection	Focus of Study
(Davis, 1979)	Interviews/Supply	IS
(Rockart, 1979)	Identified by CEO and Interviews of Managers/Supply	The information requirements of CEO's
(Bullen and Rockart, 1981)	Interviews/Supply	Business Management
(Martin, 1982)	Survey/Supply	MIS/DP
(Rockart, 1982)	Interviews/Supply	IS Executive
(Boynton and Zmud, 1984)	Interviews/Supply	IS and Strategic Management
(Leidecker and Bruno, 1984)	PESTL/Supply External Advisors could be Demand	Strategic Management and Business Strategy
(Geller, 1985)	Interviews/Supply	IS in the Hotel Industry
(Zahedi, 1987)	n/a	IS
(Freund, 1988)	n/a	Strategic Management
(Pinto and Prescott, 1988)	Survey/Supply	Product Life Cycle
(Griffin, 1995)	Surveys/ Supply	Lodging Yield Management Systems
(Brotherton and Shaw, 1996)	Surveys/ Supply	Hotels
(Buhalis and Main, 1998)	Literature/Demand	Small and medium size hospitality organisations adaptation if IT.
(Chua et al., 1999)	Survey/Experts	Construction Projects
(Holland and Light, 1999)	Literature/Demand	ERP
(Teo and Ang, 1999)	Questionnaire/Supply	IS and Business Plan Alignment
(Thomas and Long, 2000)	Interviews/ Supply	Tourism development
(Volery and Lord, 2000)	Survey/Students	Online Education
(Poon and Wagner, 2001)	Interviews/Supply	IS
(Somers and Nelson, 2001)	Survey/Supply	ERP
(Hong and Gul, 2002)	Surveys/Supply	ERP
(Umble et al., 2003)	Case Study/Supply	ERP
(Brotherton, 2004a)	Survey/Supply	Budget hotels
(Brotherton, 2004b)	Survey/Supply	Corporate hotels
(Chen et al., 2004)	Survey/Demand	Consumer acceptance of Virtual Stores
(Hindle, 2005)	Conceptualisation	Human Resources
(Kowalski and Swanson, 2005)	Literature	Developing Teleworking Programs
(Salmeron and Herrero, 2005)	Survey/Supply	Information Systems
(Achanga et al., 2006)	Observation and Interviews/ Supply	Lean manufacturing
(Fortune and White, 2006)	Literature	Project Management
(Kamal, 2006)	Case study, interviews, documentation and observation	IT adoption in government sector
(Bandara et al., 2007)	n/a	Business Process Modelling

(Chow and Cao, 2007)	Survey/Supply	Agile Software Projects
(Finney and Corbett, 2007)	Literature	ERP
(Fryer et al., 2007)	Literature/	Public sector
(Getz, 2007)	Survey/Supply and Demand	Wine Tourism
(Remus, 2007)	Interviews and Focus Groups/ Supply	Enterprise Portals
(Baker and Cameron, 2008)	NA	Destination Marketing
(Chin et al., 2008)	Interviews/Supply	Coopetition (competition/corporation) Strategy
(Mutschler et al., 2008)	Case Study and Survey/ Industry and Management Experts	IS
(Ngai et al., 2008)	NA	ERP
(Chang et al., 2009)	Survey/Supply	Knowledge Management
(Francoise et al., 2009)	Survey/Supply	ERP
(Hua et al., 2009)	Interviews and Survey/ customers, professionals, government, investors	Budget hotels
(Lee et al., 2009)	Survey/Supply	Women-owned businesses in Korea and USA
(Wahid and Corner, 2009)	Interviews/Supply	ISO 9000
(Dexter, 2010)	Surveys and Focus Groups/ Students	Developmental Team Projects
(Doom et al., 2010)	Survey and Case Study/ Supply	ERP
(Meibodi and Monavvarian, 2010)	Literature/	Strategic goal achievement
(Pansiri and Temtime, 2010)	Surveys/Supply	Innovative Entrepreneurial Support
(Ravesteyn and Batenburg, 2010)	Surveys/	Business Process Management
(Avcikurt et al., 2011)	Survey/Supply	Small Hotel Businesses
(Fotopoulos et al., 2011)	Literature/	HACCP Systems
(Lee et al., 2011)	Survey/ Experts	Taiwanese Ecotourism Industry
(Yu and Kwon, 2011)	Survey/Experts	Urban Regeneration Projects
(Bhuasiri et al., 2012)	Delphi Method/ Experts	E-Learning
(Cochrane, 2013)	Longitudinal action research	Mobile web 2.0 Learning
(Colla and Lapoule, 2012)	Interviews/Supply and Demand	E-Commerce
(Garg et al., 2012)	Literature Review/ Expert Opinion	Banking Sector
(Lin and Fu, 2012)	Survey/Supply	Travel Agencies/ E-Commerce
(Dora et al., 2013)	Survey/Supply	Lean manufacturing
(Habidin and Yusof, 2013)	Survey/Supply	Automotive Industry Malaysia
(Medeiros and Duarte Ribeiro, 2013)	Interviews/Experts	Sustainable Products
(Raravi et al., 2013)	Survey/Supply	Mobile industry

As presented in Table 3.1, the beginning of CSFs research was highly influenced by studies within the field of IS. Starting as early as 1979, Rockart has been one of the most significant contributors within the area of CSFs in the IS context by publishing several articles (Grunert and Ellegaard, 1993). According to the Web of Science, as of August 28 2013, the original article *"Chief Executives define their own Data needs"* by Rockart (1979) published in the Harvard Business Review, is considered to be the first comprehensive source of CSFs research and has been cited in 445 articles. One of the main outcomes of Rockarts' (1979) analysis was that CSFs cannot always be measured quantitatively for example through financial accounting systems in organisations but it also requires qualitative information from outside the organisation such as future trends, customer perceptions or market structure. Although, the positioning of CSFs within the context of IS was adapted and even formulised in an attempt to create automated systems for information management and control, the underlying idea of CSFs was not significantly modified (Heinrich, 1999).

Within the IS literature a number of findings were made which run throughout the CSFs literature. Martin (1982) and Boynton and Zmud (1984) found that the CSFs approach is particularly useful to top level management as it fits their need for structured analysis processes. Davis (1979) however cautioned against using the CSFs approach as it relies heavily on the correct and complete identification of CSFs by managers. In addition, Davis (1979) identified a number of further shortcomings which will be discussed further in the section 3.6 on the limitations of the CSFs approach. Munro and Wheeler (1980) presented a general approach of using CSFs in the field of corporate planning, incorporating some of the arguments of Davis (1979) and considering some common shortcomings of the CSFs approach.

Although, ideally the sections of CSFs application within the fields of IS and business and strategy should be kept separate for reasons of clarity, it must be mentioned that the discussion of strategy is also being held in an IS context. Over time, the discussion has moved away from simple modification of the initial CSFs approach, towards establishing strategic CSFs for successful IS implementation. This ranges from ERP implementation to software projects and virtual stores

(Chen et al., 2004; Chow and Cao, 2007; Holland and Light, 1999). Zahedi (1987) looked at the reliability of IS using the CSFs approach. The study focused on the formalisation of reliability measures for IS utilising secondary data. It is this which the author also acknowledges as a limitation to the study as the data used was not collected for this purpose and focused on successful IS lacking a control group of "failure data" (Zahedi, 1987, p. 200). Furthermore, the incorporation of soft factors as suggested by Munro and Wheeler (1980) proved to make this formalisation open to bias as it left room for interpretation.

Within the fields of business management and strategy several studies have been conducted making use of the CSFs approach. Although not all specifically use the headings of business or strategy, many can be categorised as such as they deal with business planning and organisation or analysis of strengths and weaknesses within operations to name some areas (Chen et al., 2004; Bandara et al., 2007; Geller, 1985; Griffin, 1995; Leidecker and Bruno, 1984; Lee et al., 2009; Ravesteyn and Batenburg, 2010). In order to extract some sense of listing all studies which incorporated the CSFs approach, their influences on the CSFs approach must be evaluated. One of the major developments to the original model is the extension or shift of levels at which CSFs appear. A key difference is the extension of hierarchies to a higher level where the CSFs approach links with influences in the external environment to explore long term strategic factors influencing strategy formulation (Geller, 1985; Leidecker and Bruno, 1984). Although arguably still relevant, the individual level of CSFs is often omitted within the literature on CSFs in a business strategy context.

Therefore the hierarchy at which CSFs appear changes from left to right:

Industry Specific		Economic Socio-Political
Firm Specific	→	Industry Specific
Unit Specific		Firm Specific
Individual Specific		Unit Specific
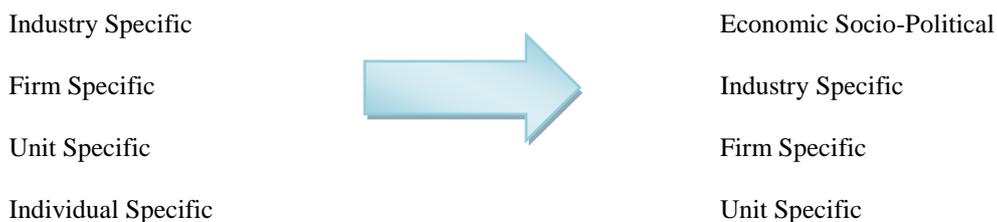
One of the reasons is that as the application of the CSFs approach is aimed towards overall business strategy, the individual specific factors become less important and wider impact factors such as economic socio-political factors were added as they are directly applicable to strategy formulation (Geller, 1985; Leidecker and Bruno, 1984).

Within the fields of business management and strategy several studies have been conducted making use of the CSFs approach. Although not all specifically use the headings of business or strategy, many can be categorised as such as they deal with business planning and organisation or analysis of strengths and weaknesses within operations to name some areas (Chen et al., 2004; Bandara et al., 2007; Geller, 1985; Griffin, 1995; Leidecker and Bruno, 1984; Lee et al., 2009; Ravesteyn and Batenburg, 2010).

To maximise the insight of evaluating the individual theoretical contributions of previous studies in the field of CSFs, their influences on the CSFs approach must be evaluated. One of the major developments to the original model is the extension or shift of levels at which CSFs appear. A key difference is the extension of hierarchies to a higher level where the CSFs approach links with influences in the external environment to explore long term strategic factors influencing strategy formulation (Geller, 1985; Leidecker and Bruno, 1984). Although arguably still relevant, the individual level of CSF is often omitted within the literature on CSFs in a business strategy context.

Freund (1988) urged that CSFs are not to be confused with a strategy of achieving a competitive advantage, nevertheless it can lead to failure if not implemented correctly. Following the hierarchical nature, Freund (1988) further added that CSFs are most effective when reviewed from top down where each function within a business unit has individual CSFs which need to be monitored. This attempt at measuring CSFs on such a fine grained level poses a practical difficulty. This is often misinterpreted through the measurement of performance indicators which are easier to measure but do not constitute CSFs, rather than track the correct CSFs. Discussed further in section 3.6 on the limitations of the CSFs approach, and in line with inherent limitations of complex conceptual tools,

Freund (1988) consequently concluded that often the identified CSFs are too generic to be good management tools. Pinto and Prescott (1988) identified in their study on CSFs and product life cycles that CSFs research needs to take other organisational elements into consideration in order to account for change.

Another area, in which the concept of CSFs was researched, was Enterprise Resource Planning (ERP). Although arguably also a form of IS, the focus of these studies moved away from purely information management towards the management of tangible resources. To name a few of the many studies which exist, Holland and Light (1999), Somers and Nelson (2001) and Umble et al. (2003) seemed to be amongst the first ones to use the CSFs approach within the field of ERP as we know it today. Holland and Light (1999) revealed that ERP systems form the critical infrastructure in any successful company and that businesses need to adapt their practices around ERP software rather than designing software based on the needs of the company. The authors concluded that successful companies do not develop their own IT system but purchase pre-packaged software. Similarly, the study by Somers and Nelson (2001) on CSFs in terms of the implementation of ERP systems also concluded that the critical part of ERP impementation is the selection of the systems itself. Similarly to Holland and Light (1999) it was revealed that a solid foundation to support the systems needs to be established in order to ensure a successful outcome. A special emphasis was hereby laid on the importance of top management decision making in order to ensure an adequate distribution of resources, time and priorities (Somers and Nelson, 2001, Umble et al., 2003).

A further study by Umble et al. (2003) also placed an emphasis on implementation procedures within their study and established the following ERP CSFs: the need for a clear strategy, commitment by top management, excellent project management, organisational change management, a great implementation team, data accuracy, education and training as well as focused performance measures. Francoise et al. (2009) proposed to integrate the actions-critical success factors (ACSF) method, in order to integrate CSFs into ERP project execution by integrating a number of steps and tasks (such as planning, execution and monitoring of actions) into a framework that leads to project success. According

to Francoise et al. (2009) this method aimed to structure the management of actions by suggesting that project management needs to be proactive in order to succeed.

More recent research focused on the identification and prioritisation of CSFs within the e-commerce, mobile and e-learning context, which are new research avenues that have not been fully explored yet (Bhuasiri et al., 2012; Cochrane, 2013; Colla and Lapoule, 2012; Raravi et al., 2013). Generally, the CSFs approach has been extensively adopted in research focusing on technical elements such as software and technology in general. More recently, there have been studies using the CSFs approach which applied it to completely different areas in which CSFs have so far not been applied to. Examples of these are Hindle (2005), covering HR outsourcing, Getz (2007) who linked CSFs to wine tourism, Chang et al. (2009) investigating CSFs in knowledge management and Dexter (2010) who focused on developmental team projects.

One of the areas the idea of CSFs has been used to develop a managerial tool, is the BSC approach by Kaplan and Norton (1992). This concept utilises the idea of CSFs to create measurement items such as KPI and concrete goals for the organisation to achieve. Furthermore, the BSC approach utilises the fact that there are non-financial measures as well as subjective ones that effect overall success. This concept will be discussed in detail in Chapter 4.

The focus of identifying organisational goals, formulating objectives and CSFs while developing KPI set this concept apart from the usual methods of organisational control. The next section will take a closer look at the application of the CSFs approach within tourism and hospitality research and its overall limitations.

3.5.1 Application within Hospitality and Tourism Research

Application within the tourism and hotel industry started as early as 1985 through Geller who applied the CSFs approach in the context of IS on the hospitality industry. In 1995, Griffin adopted the CSFs approach and applied it to lodging yield management systems (LYMS). Griffin (1995) used previous work from Griffin's (1994) doctoral dissertation in which he identified 27 CSFs for LYMS to

develop a categorisation model for LYMS CSFs. Griffin's (1995) study provides an in depth analysis of different categorisations schemes and extensively tests these on over 200 LYMS and properties as well as 350 users. In his study, reference was made for the first time to the verification of CSFs with the users of them, arguably presented the start of the demand side incorporation into CSFs research.

In the following years, more research was conducted within the tourism industry with Brotherton and Shaw (1996) and Buhalis and Main (1998) focusing on hotels in general. Brotherton and Shaw (1996), identified a number of CSFs with strong operational properties in the UK and included the measurement of these through critical performance indicators (CPI). In addition, they underpinned further classification of CSFs into generic and context specific (Brotherton and Shaw, 1996). On the contrary, Buhalis and Main (1998) followed a different approach, trying to evaluate the pivotal role of small and medium sized hospitality organisations in Wales, the French Alps and the Aegean Greek Islands to enable destinations to benefit from tourism. As already mentioned above since the year 2000, there has been an increased interest in the research of CSFs related to the tourism industry starting with the research of Thomas and Long (2000) on CSFs in tourism development. Thomas and Long (2000) argued that destinations can increase their competitiveness by following and applying a list of managerial CSFs which were identified through interviews with key officers within tourism, leisure and economic development functions. Furthermore, the authors investigated tourism organisations, interviewed the managers and studied internal documentation in order to identify business practices. Particularly among smaller firms, Thomas and Long (2000) identified that companies do not follow the conventional notion of business success such as growth strategy or maximisation of profit. Instead, they revealed that often smaller businesses and destinations try to follow the path of sustainability in order to competitively position themselves on the market. Brotherton published two research studies on CSFs in the UK's hotel industry in 2004. In the first study, he aimed to identify CSFs of corporate hotels within the UK. In order to do so, Brotherton (2004b) conducted interviews with hotel managers on the degree of accordance with the 59 factors he previously identified in 1996. Brotherton (2004b) concluded that only three CSFs from his

earlier study were tested to be statistically not significant. In the same year, Brotherton conducted a study of CSFs in budget hotels by surveying budget hotel unit managers.

Brotherton (2004a) identified CSFs through a literature review on budget hotels and concluded that the survey resulted in a confirmation of these factors. In addition, he revealed that CSFs within budget hotels can be divided between two dimensions. The first dimension being "Accessibility" with the CSFs of convenient location and central sales/reservations systems; and the second dimension being "Performance" with the CSFs of consistent accommodation standards, value for money, hygiene and cleanliness. Brotherton (2004a, p. 958) therefore argued that the CSFs approach "is concerned with focused specialisation", by emphasising on the strategic importance of brand accessibility but also on the operational importance of delivering expected performance.

In 2007, Getz conducted exploratory research on CSFs for wine tourism by questioning wine and tourism industry professionals in Australia as well as Washington State. Getz summarised the CSFs identified through questionnaires in four categories: Quality (e.g. wine, cuisine), Wine Country Appeal (e.g. wants and needs of customers; unique experience and ambience), Winery Appeal (e.g. friendly staff, attractive wineries) and Developing and Marketing Tourism (e.g. staff training, attractions and services, joint marketing, branding). In addition, by conducting the primary research on professionals from two different continents Getz (2007) revealed that CSFs cannot generally be applied to the same industry or even niche market as professionals from Australia and Washington State mostly identified different CSFs within each category. In the winery appeal category, Australian respondents favoured a cafe on the winery as a CSFs, whereas special events or functions were identified by American respondents to be extremely important. Similarly, both respondent groups had different perceptions of the role of the government. While Australians use the help of the government for funding, planning permissions and taxation reforms, American respondents were concerned that the government hinders the wine tourism (Getz, 2007).

Baker and Cameron (2008) researched CSFs in destination marketing, whereby they identified 33 CSFs, clustered into four categories (strategic orientation, destination identity and image, stakeholder involvement and implementation, monitoring and review), which destinations should incorporate into their strategic plans in order to compete against other destinations. Baker and Cameron (2008) concluded that branding should be considered one of the most important CSFs in order to differentiate from the competition and create a sustainable destination. In addition, similar to the ERP context (Holland and Light, 1999; Somers and Nelson, 2001; Umble et al., 2003) it was revealed that the strategic orientation of the destination but also the correct implementation, monitoring and review of strategies needs need to be ensured in order to be competitive (Baker and Cameron, 2008).

Hua et al. (2009) conducted research on CSFs within the Chinese budget hotel segment using questionnaires and interviews in 2009. Unlike previous research this study did not focus solely on one perspective but used various stakeholders as a sample. The study revealed that there are major differences in the perceptions of what CSFs are among the group of industry professionals, investors and government authorities as well as customers. While the "professional stakeholders" identified the dimensions of physical product, price, promotion, service quality and location to be of highest importance (although in a different order of importance); customers perceived quality related items as CSFs. This furthermore proves the importance of studying the CSFs approach from different perspectives in order to create a comprehensive framework. The biggest limitation of this study has been the sample size within the primary data collection, interviewing only one person per stakeholder group.

In 2011, Lee et al. researched the Taiwanese ecotourism sector in relation to its KSFs. The aim of the study was to identify factors that are crucial for the development of a competitive advantage. The results of expert surveys revealed that "local resources, marketing activities, service system and cultivation of tourists' understanding and behaviour, human resources, product or technical development and firm infrastructure and management" are KSFs within the ecotourism sector (Lee et al., 2011, p. 637).

According to Avcikurt et al. (2011) only a small number of researches have focused on CSFs within the hotel industry. The most comprehensive attempt to find a complete set of CSFs was Brotherton and Shaw's study in 1996 where they identified 59 CSFs. Other studies have followed utilising the set of CSFs in the following years in the UK, China and Turkey. Therefore, to gain an understanding of the CSFs that have been used for research previously, they are compiled in Table 3.2. As can be identified from Table 3.2, the study by Brotherton on UK Corporate Hotels from 2004 (b) provided a list of 59 CSFs whereby he grouped those factors into ten categories according to their affiliation to hotel departments. However in 2004a, he decided not to group the 36 CSFs for budget hotels into categories as he argued that the unstructured approach reduces bias. Hua et al. (2009) used the list of Brothertons' (2004a) budget CSFs and aimed to verify and further develop them through semi-structured interviews with a government official, hotel investor and industry professional prior to the testing with a large-scale questionnaire. As a result they revealed further CSFs which were not used in Brothertons' (2004a) budget hotel research. Within Table 3.2 those newly discovered factors have been marked bold.

Table 3.2: Previous identified CSFs as used in this study - Hotel Industry

CSFs	Research & Focus
Food and Beverage (Production) 1. Producing Consistent Quality Food, 2. Appropriate Standards and Procedures, 3. Efficient Purchase and Supplier Liaison, 4. Minimizing Food Wastage, 5. Using Efficient Production Methods, 6. High Hygiene Standards **Food and Beverage (Service)** 7. Providing a High Level of Service, 8. Enhancing Customer Care, 9. High Level of Staff Skills, 10. Appropriate Staff Attitude/Appearance, 11. Quality of ambience and environment, 12. Quality of Food and Drink Presentation **Front Office** 13. Accurate and Efficient Reservation System, 14. Staff Sales Skills, 15. Customer Care, 16. Maximisation of Occupancy Levels, 17. Staff Attitudes, 18. Revenue/Yield Management **Back of House** 19. Clear Programme of Planned Maintenance, 20. Effective Cleaning Schedules, 21. Provision of Effective Security Systems, 22. Maintaining an Effective Laundry System, 23. Effective Inter-Departmental Liaison **Conference and Banqueting** 24. Competitive Pricing, 25. High Quality Food & Beverage Provision, 26. Providing flexible Facilities, 27. Upselling where possible, 28. Attention to Details & Customer Requirements, 29. Quality of Facilities **Guest Accommodation** 30. Providing Consistent Quality, 31. Ensuring High Levels of Cleanliness, 32. Meeting Customer Needs 33. Operating Appropriate Training Programmes, 34. Minimising Costs, 35. Providing a Sufficient Variety of Rooms **Leisure Operations** 36. Providing Quality Facilities, 37. Operating an Appropriate Range of Facilities, 38. Maintaining Membership Levels, 39. Attractiveness of the Facilities, 40. High Quality Staff, 41. High Levels of Cleanliness and Hygiene **Accounting and Control** 42. Effective Revenue Control Procedures, 43. Accurate Financial Reporting, 44. Budgetary Control Procedures, 45. Prompt Issue of Customer Bills, 46. Effective Bad Debt Control Procedures, 47. Achieving Accurate Costing **Human Resources** 48. Effective Recruitment and Selection Process, 49. Provision of Regular Training of All Staff, 50. Maintaining Staff Moral and Loyalty, 51. Reducing Staff Turnover, 52. Conducting Appropriate Staff Appraisal, 53. Effective Staff development **Marketing and Sales** 54. Maintenance of Market Share, 55. Effective Competitor Intelligence, 56. Effective Advertising, 57. Effective Market Intelligence, 58. Effective Customer Database, 59. Well Trained Sales Staff	(Brotherton, 2004b, Brotherton and Shaw, 1996) UK Corporate Hotels
1. Central sales/reservation system, 2. Convenient locations, 3. Standardised hotel design, 4. Size of hotel network, 5. Geographic coverage of hotel network, 6. Consistent accommodation standards, 7. Consistent service standards, 8. Good value restaurants, 9. Value for money accommodation, 10. Recognition of returning guests, 11. Warmth of guest welcome, 12. Operational flexibility/responsiveness, 13. Corporate contracts, 14. Smoking and non-smoking rooms, 15. Design/look of guest bedrooms, 16. Size of	(Brotherton, 2004a) UK Budget Hotels

guest bedroom, 17. Guest bedroom comfort level, 18. Responsiveness to customer demands, 19. Customer loyalty/repeat business, 20. Disciplined operational controls, 21. Speed of guest service, 22. Efficiency of guest service, 23. Choice of room type for guests, 24. Guest security, 25. Low guest bedroom prices, 26. Limited service level, 27. Hygiene and cleanliness, 28. Quality audits, 29. Staff empowerment, 30. Strong brand differentiation, 31. Customer surveys/feedback, 32. Staff training, 33. Added-value facilities in guest rooms, 34. Staff recruitment and selection, 35. Standard pricing policy, 36. Quality Standards	
Physical Product 1. Good value restaurants, 2. Standardized hotel design, 3. Size of guest bedroom, 4. Guest bedroom comfort level, 5. Choice of room type for guests, **6. Enough parking area**, 7.Design/look of guest bedrooms, 8. Added-value facilities in guest rooms, **9. Colour of hotel exterior and room**, 10. Smoking and non-smoking rooms **Service Quality** 11. Operational flexibility/responsiveness, 12. Responsiveness to customer demands, 13. Speed of guest service, 14. Efficiency of guest service, 15. Limited service level, 16. Hygiene and cleanliness, 17. Guest safety and security, **18. Provision of all kinds of amenities, 19. Provision of the internet service, 20. Convenient and tasty breakfast**, 21. Warmth of guest welcome, 22. Consistent service standards **Price** 23. Low guest bedroom prices, 24. Consistent pricing policy, 25. Value for money accommodation **Promotion** 26. Customer loyalty/repeat business, **27. Attractive advertising or promotions, 28. Benefits for members,** 29. Corporate contracts, 30. Strong brand differentiation **Location** 31. Size of hotel network, 32. Geographic coverage of hotel network, 33. Central sales/reservation system, 34. Convenient locations, **25. Convenient transportation with signs**	(Hua et al., 2009) China Budget Hotels
1. Provision of high levels of customer care, 2. Maintaining high standards of hygiene and cleanliness of all operation, 3. Operations of an effective and accurate reservation system, 4. Well-trained staff, 5. Charging competitive and affordable prices and rates, 6. Providing high quality facilities, 7. Effective financial reporting, 8.Meeting customer needs and preferences, 9. Proper financial management, 10. On-the-job training, 11. Effective system to get feedback from customers, 12. High food and beverage standards, 13. High standards of maintenance of facilities, 14. Clear objectives and goals, 14. Professional staff, 15. Applying the principle of the "customer is king", 16. Proper policies, 17. Clear strategies 18. Clear lines of communication, 19. Clear delegation of authority, 20. Education in tourism and hospitality, 21. Cross cultural knowledge, 22. Black Economic Empowerment, 23. International work experience	Kruger et al., 2010
1. Innovation strategy, 2. Management (leadership), 3. Quality of service offered, 4. Service acceptance degree, 5. Service cost, 6. Total amount of sales (total costumers), 7. Employee initiatives, 8. Sustainability of service quality, 9. Employees' foreign language level, 10. International standards of service, 11. Technological update, 12. Absenteeism rate, 13. Return on investment, 14. Market acceptance of your service as an example, 15. Market share, 16. Providing customer satisfaction, 17. Promotion strategy existence, 18. Employees' on-the-job training level, 19. General and administrative costs, 20. Using customers effectively in promotion activities, 21. Uniqueness of services relative to competitors, 22. Employees' ability degree to use of technological equipment, 23. Technological complexity, 24. Turnover rate, 25. Employee payment level (low/high relative to competitors), 26. Promotion costs relative to competitors, 27. Degree of marketing search, 28. Using web sites for promotion, 29. Internet usage level, 30. Accessing customers via internet, 31. Degree of internet usage for communication, 32. Traditional marketing, 33. Accessing target market directly by e-mail, 34. Effect of promotion for your business facility, 35. Intranet usage level, 36. International TV advertisement, 37. Internet effect to room sales, 38. Popular internet sites advertisements	(Avcikurt et al., 2011) Small Hotel Business in Turkey

In addition, Hua et al. (2009) chose not to use other factors from Brotherton as those were not revealed to be critical in the Chinese budget hotel context within the first stage of qualitative interviews. Another research from 2011, studied CSFs in small hotel businesses in Turkey. Avcikurt et al. (2011) developed a list of CSFs based on previous research including Brotherton, however they did not solely focus on previous hotel CSFs studies but also used CSFs from studies focusing on organisations in Turkey and SMEs in general. Avcikurt et al. (2011), in contrast to Brotherton (2004b), attached the highest importance on CSFs focusing at the strategic level as well as marketing strategies as can be identified in Table 3.2. In addition, Hua et al. (2009) included marketing as well as the provision of internet within the hotel as CSFs. Therefore, it can be argued that Brothertons' research stemming from 1996 might be outdated and some of the factors have been replaced through newer developments or technologies such as, customer relationship management, online booking channels or social media networks which have not actually been included in hotel CSFs research.

Kruger and Saayman (2012) utilised the CSFs approach to investigate how to create a memorable spectator experience at the two oceans marathon in South Africa. Although their study focused on a completely different aspect than this study, an interesting insight was nonetheless found. Namely the difference between the CSFs of demand and supply sides. As a result, Kruger and Saayman's study indicates that there might be differences in what consumer perceive to CSFs as opposed to what general managers perceive as CSFs as used in this study.

Brecht and Kruger in 2013 also utilised the concept of CSFs to investigate the Tourist experience in the Kruger National Park in South Africa which included some elements of the hospitality establishments in the park. However, as this was only a small element in the overall study and the results were specifically related to visitor experience as opposed to overall success, this study did not provide much insight relevant to this thesis. Nonetheless, it is one of the very recent studies making use of the CSFs approach and is therefore mentioned at this stage.

In 2014, Campiranon and Scott investigated CSFs for crisis recovery management in Phuket hotels. They used qualitative in-depth interviews with managers to

identify crisis management and recovery plan, crisis market segmentation, recovery promotion, recovery collaboration and personnel management. These factors were specifically and exclusively related to dealing with crisis events and although suggesting a broad approach to crisis management, the focus of the study was directed towards the recent economic crisis.

Furthermore, Azevedo et al. (2014) reviewed CSFs for ERP within the Portuguese hospitality context which resulted in a number of areas which need to be considered to ensure successful utilisation of ERP systems in hotels. The main finding was that complete and comprehensive integration needs to be achieved to ensure successful ERP deployment and use.

Finally, Gikonyo et al., 2014 investigated the CSFs for entering the Kenyan franchised restaurant market from the consumer perspective and came to the conclusion that there are six main CSFs that were relevant. The study used a sample size of 389 respondents and found a positive correlation between the identified CSFs and the success of franchised restaurants. This study was specifically valuable for the contribution of establishing a positive relationship between the demand side, CSFs and success which further strengthens the robustness of the overall CSF approach as a tool for successful implementation of strategy. Therefore, for this study the findings of Gikonyo et al. (2014) specifically underscore the viability of utilising CSFs as a theoretical framework for successful strategy formulation and implementation.

Appendix G presents CSFs of research studies that only focused on the hotel sector. In order to ensure this study utilises the best set of CSFs a complete list of all research, available through numerous electronic data-bases and catalogue systems, which focuses on CSFs and similar concepts within the hotel industry was compiled. As illustrated in Appendix G, a total of twenty eight studies were identified which utilised the concept of CSFs within a hotel industry context. As often discussed in the literature, the exact definitions of KPIs and CSFs are used interchangeably, although they should be distinctly separate. However, it is for this reason that Appendix G also lists studies which used the term KPIs but on closer analysis were found to describe CSFs. In addition, the appendix shows only

those CSFs that have been identified by two or more studies in order to facilitate the display of factors.

As can be seen in Appendix G, the recurring CSFs from previous research have been grouped in a table to facilitate reference to previously identified factors. Although, Appendix G serves as a general reference for this study the CSFs are not subdivieded into distinct areas of operational routines, hierarchical nature or otherwise. Haynes and Fryer (2000) and Chaud (2010) created CSFs research frameworks accordingly by revealing that different factors can be grouped together, to form categories of CSFs. Therefore, in the interest of clarity when dealing with a large number of CSFs, it is important to evaluate methods and models of grouping and implementing large sets of CSFs which is done in Chapter 4.

3.6 Limitations of the CSFs Approach

The wide application of the CSFs approach through all areas and fields of the academic landscape proves that it is a popular topic. However, it is not without its problems and limitations. As early as 1988, Pinto and Prescott assessed that previous studies adopting the CSFs approach were often too company specific and not "generalisable" to a wider context. Poon and Wagner (2001) furthermore assessed that CSFs approach has not been tested for applicability to different business environments, cultures or organisations. However, they also revealed that within the context of IT management there were differences between the Western and Japanese cultures. Hence, the difficulty of general applicability, as initially identified by Pinto and Prescott (1988), was still a much discussed matter a decade later. Another factor that must be kept in mind is the fact that some weaknesses of the CSFs approach as identified in earlier research, is relevant to the CSFs approach in the field of IS but not in other fields. An example is assumption that any automated system would make better analysis of CSFs than managers as it possesses greater processing power than humans (Boynton and Zmud, 1984).

Although considered complex in nature by many researchers, a major criticism is that the approach over-simplifies the process of business. The belief that complex

business operations can be reduced to a number of points is sometimes disputed in the academic literature. One of the earliest who raised concerns of this nature, was Davis (1979). He argued that research showed that humans have the short-term memory capacity to deal with five to nine chunks of information. Therefore managers would naturally reduce the number of CSFs to these manageable five to nine chunks (Davis, 1979). His concern was that there might actually be more CSFs, which are not identified as they are eliminated in the process of human simplification to get to grips with the subject. Again, one needs to look towards the initial field of study of IS to understand the argument brought forward by Davis (1979), as he argues that automated IS would deliver superior analysis in comparison with the CSFs approach. Fortune and White (2006) also acknowledged this point as they highlighted that the concept of CSFs does not consider the interrelationships between factors. Nevertheless, this point needs to be considered as it seems to be the basis for a conceptual approach for CSFs identification.

Although possibly touching on areas of methodology there are problems that are created by the concept of CSFs and not the researcher or process of finding them. With the exception of a few studies, the majority of research projects have adopted the use of interviews or questionnaires in order to determine CSFs. In most cases the CSFs were obtained from experts in the field or managers within the industry the study was focusing on. One of the major criticisms is that there is no consistent method for collecting CSFs. The researchers rely mostly on the ability of managers to correctly identify and extrapolate the relevant factors which are crucial to success. As stated by Davis (1979), research in the fields of correlation and causality has shown us that the human mind does not grasp the effects of sample size on variance very intuitively. He therefore concluded that a small number of occurrences are often assumed to be prove for a certain phenomenon. Furthermore, Davis (1979) argued that humans are not very good at coping with multiple sources of information. These factors together with the above weaknesses and limitations as well as bias can therefore lead to inconstant results when gathering data. In contrast, Boynton and Zmud (1984) argued that it is possible to obtain coherent results as several independent studies had shown similar results with considerable validity in their findings.

Inherent with the above discussion, the CSFs approach is prone to "contamination" from bias in many ways. In order to provide a holistic overview of the topic, the author believes that this needs to be addressed at this stage as well as in the methodology section. In this instance, some researchers believe that the CSFs approach is prone to more bias than usual which is inherent in the process of human analysis. In the early stages of the discussion on CSFs and as far back as the study by Davis (1979), he argued that managers are influenced by the data and how detailed and accurate it is. Furthermore, managers tend to focus on the existing and obvious matters rather than rearrange the data to find new insights. If this concept is translated to the CSFs approach in other disciplines, it would suggest that managers are not able to see beyond the obvious factors they deem critical to success, or will not challenge what is considered an established fact.

Although the above mentioned arguments certainly have some validity, the CSFs approach is nonetheless valuable. Many of the limitations with regards to human cognitive capabilities suggested by Davis (1979) have to be viewed in the context of the time. Information technology has advanced to the point where it is able to assist with tasks such as remembering, planning or tracking a broad number of factors. Situations where experts and managers restrict themselves to a convenient set of five to eight CSFs can be discouraged through careful methodological design i.e. by guiding the participants through each area of operation. Finally, the complexity of the CSFs approach for implementation can be reduced through integration with managerial control and implementation tools as discussed later in this thesis. Overall, the CSFs approach is highly applicable in academic research settings as it provides a good method of drilling down to the fundamental aspects of business processes.

3.7 Summary

This chapter identified that there is no universal definition for success and that every research needs to identify its own perception based on the context of the study. Furthermore, the chapter explained the concept of CSFs and has shown a wide application of the CSFs approach in various industries. In addition, the systematic application of the BSC approach can be used as means to categorise

groups of CSFs into a number of manageable areas which explicitly focus management's attention on distinct areas. As touched upon above, the CSFs approach is still very widely used in the academic landscape due to the methodological features that allow it to focus on the core aspects of organisational processes. It helps to identify actions that combined with others have a direct impact on the overall performance of companies and therefore, if applied correctly, allows for the identification of cause and effect analysis. Also there are a number of identified limitations associated with the CSFs approach, these stem mostly from previously unavailable organisational, computational and managerial aids as well as the need for rigorous application and design of the study. It therefore is particularly suited for highly specialised, in-depth applications such as in this study. In order to ensure that the CSFs approach can be applied in a rigorous method, and is relatively easy to apply in real world scenarios, the following chapter will cover a number of implementation frameworks, success measurement methods and concepts to determine which is the most suitable to incorporate with the CSFs approach for strategy formulation and implementation as defined in the fourth aim of this study.

CHAPTER 4: SUCCESS MEASUREMENT AND THE BALANCED SCORECARD

4.1 Introduction

The BSC approach brings together the literature from the previous two chapters. According to Olve and Sjostrand (2006) and Abdel-Kader et al. (2011), organisations have to identify the strategic direction and CSFs in order to formulate measures for the BSC approach. This chapter will present the BSC approach and show how CSFs are the foundation of the BSC approach as they determine in which areas performance measurement indicators have to be developed.

4.2 Models for Success Measurement

The need for a measurement of organisational success is a continuous challenge experienced by hotel managers, external consultants or even academic researchers. The research field on performance and success measurement is considered extremely diverse. There are many research disciplines focusing on performance measurement and researchers generally cover the topic from their research perspective ranging from operations management, marketing, accounting and financial management to sociology and psychology. As a result, it is difficult for researchers in the area of performance management to review and merge existing literature (Neely, 2004). As a result of increased competition on a global level, a number of performance measurement tools were introduced including the BSC by Kaplan and Norton in 1996; activity-based costing by Cooper and Kaplan in 1997 or the shareholder value analysis by Rappaport in 1998 as well as the performance prism by Neely and Adams in 2000. Nowadays, companies have even bigger problems. Due to the availability of large amounts of data and information, managers have to find ways to analyse the data and find meaning in it. Neely and Austin (2004) concluded that due to this trend, ERP often becomes a valuable and inevitable software tool.

Shareholder value analysis was proposed by Rappaport over a number of years and linked corporate strategy to shareholder value maximisation. According to

Furrer et al. (2007, p. 379), there are factors that lead to the maximisation of value which can be "grouped into operations related (near-term oriented) or strategic (long-term oriented)". However, within the shareholder value analysis of Furrer et al. (2007), these factors are solely based on financial measures. Also Furrer et al. (2007, p. 386) argued that "the measurement of corporate strategy could also be improved in future research. While the measures used were acceptable and consistent in terms of previous research studies, they could have been further assessed relative to industry norms". Previous research often focused on the manufacturing industry, however considering the nature of the hospitality and tourism industry, some 'softer' factors might be relevant and result in shareholder value maximization. This was supported by Grewal et al. (2010) who concluded that customer satisfaction should be considered an important aspect of shareholder value as it leads to repeat business hence, profit maximisation. Also Feurer and Chaharbaghi (1994) acknowledged that pure financial ratios and measurements do not explain the full picture of shareholder value; instead, also customer value, technology and people have to be taken into account in order to achieve a competitive position within the industry. This critique on the shareholder value analysis was supported by Ulrich (2009) who argued that companies should not only be interested in the maximisation of profits as there are other relevant factors such as employees, customers and the community which have to be taken into consideration when estimating shareholder value.

Another model for success management is activity based costing. As the name implies, the idea behind this model is the link with profit opportunities (Cooper and Kaplan, 1991). Looking at the limitations discussed for the shareholder value analysis a similar problem appears for this model namely, the sole focus on financial and activity measurements without the inclusion of the interest of other stakeholders (employees, customers or community). The activity based costing model is particularly valuable within the manufacturing industry as it provides managers with a guideline for efficiency. In particular, it shows in which area resources are needed thus, enables accurate planning (Cooper and Kaplan, 1991). Nevertheless, within the customer focused hospitality industry, this model lacks the importance of customer satisfaction (Grewal et al., 2010).

The BSC approach builds upon the belief that non-financial measurements and activity based elements need to be included within the measurement of success within organisations. The original concept by Kaplan and Norton was revised three times based on extensive testing and studies conducted by them to refine the concept to a holistic management tool and overall framework. It took into account most of the limitations of previous approaches to strategy formulation and implementations while emerging during the time where technological advancements made it possible to track and evaluate more and more concepts and key performance indicators including those with a more abstract nature. One of the key differentiation points to other models of strategy creation is that it is well documented and explains the process for strategy implementation.

Performance prism follows a similar approach to the BSC approach that non-financial attributes need to be included. Neely et al. (2001) developed the performance prism due to a notable lack of the inclusion of stakeholders within previous success measurement models. The general idea behind The Performance Prism is that shareholder value cannot be created without the creation of stakeholder value. The model takes five different perspectives into consideration including stakeholder satisfaction, stakeholder contribution, strategies, processes and capabilities. Especially considering the long term sustainability of businesses, the performance prism identified that companies cannot solely focus on financial measurements (Kennerly and Neely, 2004). Although this resembles the BSC approach, the performance prism adds another dimension extending the model beyond performance measurement and introducing even harder to define and more abstract concepts such as general stakeholder contribution and capabilities. This introduction of hard to define concepts is the main contribution of the performance prism bringing it back to previous ideas such as models like dynamic capabilities (section 2.3) which have strong academic relevance but a lack of actual adoption due to the problems associated with implementation. It is precisely this lack of easy implementation that Digalwar (2009) criticised, arguing that although it extends beyond performance measurement, a major disadvantage is a lack of suggestions for implementation.

While BSC is very similar to the performance prism, the strong track record of the BSC approach, both academically and within industries, makes it superior to the mere addition of trackable dimensions in the performance prism. A large number of researchers agreed with this point of view by using the BSC as a research foundation. This thesis therefore used the BSC approach as a theoretical foundation upon which to implement the CSFs approach within the UK 4 and 5 star hotel industry.

4.3 Balanced Scorecard

While for a long time performance has been measured based on financial indicators, critics argued that this approach has been one-dimensional as only past performance has been taken into account. As a result, within the literature of strategic implementation and performance measurement the BSC approach has evolved as a framework that is particularly applicable to the hospitality context (Evans, 2005). The term "balanced" aims to show that the new measurement framework takes financial as well as non-financial measures into account. The BSC approach is considered a complex strategic framework which is implemented in order to provide a business with a long term strategic direction while addressing short term objectives, thus requiring high resources and commitment of time (Denton and White, 2000; Evans, 2005).

Huckestein and Duboff (1999, p. 37) even pointed out that companies "should not underestimate the challenges in moving a company from static, backward-looking measurements to a comprehensive business design that integrates a forward-looking approach". Nevertheless, it was concluded that the advantages of the BSC approach within hospitality operations outweigh the disadvantages such as resources and time as overall management decisions tend to be more objective. In addition, hotels within the same chain have been easily enabled to compare results and pass on best practices (Huckenstein and Duboff, 1999).

Kaplan and Norton (1992, p.2), who developed the BSC framework initially defined it as "a set of measures that gives top managers a fast but comprehensive view of the business. The BSC includes financial measures that tell the results of actions already taken. And it complements the financial measures with operational

measures on customer satisfaction, internal processes and the organisations innovation and improvement activities – operational measures that are the drivers of future financial performance".

Similar to the CSFs approach described earlier in this chapter, the BSC approach can be applied at different organisational levels starting from the complete organisational level to the strategic business unit, individual operational units or just the individual level. The link to CSFs can be furthermore seen when looking at the main idea of BSC which requires the identification of "key components of operations, setting goals for them, and finding ways to measure progress towards their achievement" (Evans, 2005, p. 379). Within real life hotel operations, two American studies identified that the BSC approach is a useful tool to strategically measure hotel performance against a key of financial and non-financial measurement such as Huckestein and Duboff (1999) with their study on Hilton Hotels, and Denton and White (2000) with research on the BSC approach implementation within White Lodging Services.

The BSC approach has evolved through two generations. The first generation has been a "simple" colour indication whereby green represented that a job in a certain areas was well done, yellow representing scope of improvement and red representing the necessity for immediate action. The lack of guidance on how the performance within areas should be improved has been considered the main limitation of the first generation BSC approach (Phillips, 2007).

Therefore, the second generation aimed to dismiss the attitudinal approach to measurement of performance in favour of a selection measurement items that represent a link between objectives, strategy and measures. This approach was referred to as a "strategy map" (Phillips, 2007). Phillips (2007, p. 734) identified that the strategy map has to be seen as a two-dimensional perspective of operations where financial objectives are considered the final goal of an organisation and whereby strategic objectives such as internal business process, learning and growth and the customer perspective are "connected by arrows indicating the cause-and-effect analysis". This was supported by Atkinson (2006)

who confirmed that there are four key perspectives within organisations as presented in Figure 4.1.
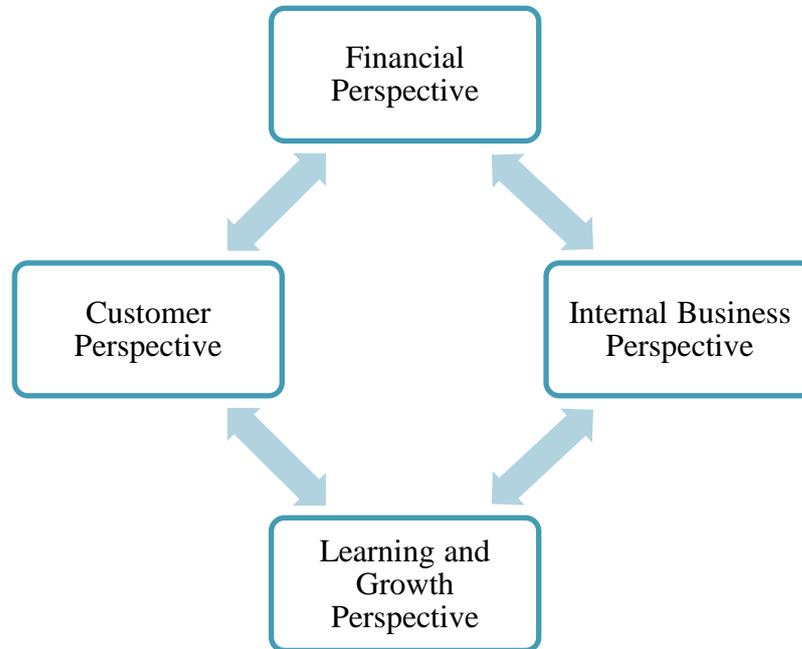
Figure 4.1: Balanced Scorecard Approach
Source: Atkinson (2006, p. 1448)

This supports Hepworth's (1998) study that identified that the BSC approach segregates businesses into four key areas namely financial, customer, internal business process as well as learning and growth. Therefore using the second generation BSC approach provides a framework for the categorisation for the CSFs in the hotel industry into separate areas as can be seen in Figure 4.1. Atkinson (2006) stressed that the focus of the financial perspective is usually on profitability, sales growth, market share and Return On Investment (ROI). Measures within the customer perspective are usually considered to be service quality, delivery time and cost. However, internal business perspective is concerned on the one hand with the human factor within hotel operations such as staff skills and training etc., and on the other hand also with supporting technologies such as front office systems or reservation systems to name two. Lastly, learning and growth underpins the other areas and focuses on improvement of flexibility and investments in future developments and

innovations. Olve and Sjostrand (2006, p. 8) summarised very well the logical relationship between all four perspectives as follows:

> *"In order to succeed financially: we need to satisfy our customers so that they will buy our products; we need to excel at key business processes in order to become efficient.*
>
> *In order to satisfy our customers: we need to excel at business processes so that our products will fit the needs of our customers.*
>
> *In order to improve our internal processes: we need to learn and develop what will be needed in the future in terms of internal processes and value propositions. "*

What sets the BSC approach apart from other approaches to strategy implementation and evaluation when it was first proposed was exactly this interaction of a number of different perspectives. Therefore, the next sections will focus on each of the BSC perspectives in more detail.

4.3.1 Financial Perspective

Although one of the key aspects of the BSC approach is the incorporation of factors other than financial, financial factors are fundamentally incorporated in the overall framework. One of the reasons as stated by Kaplan and Norton (1992, p. 25) is that although financial factors cannot be solely used to evaluate performance, they are "valuable in summarizing […] readily measurable economic consequences of actions already taken". Generally these will be produced as part of normal corporate reporting and should provide insight into whether the current activities of the company as executed contribute to the financial benefit of the organisation (Kaplan and Norton, 1992). In addition, Atkinson (2006) stated that as part of the idea of emphasising shareholder value, goals are often measured through classic measures such as profitability, cash flow or return on capital employed. Finally, the financial perspective allows for concrete measurements which are easier to understand and follow for some who might struggle with more abstract concepts utilised in the other perspectives (Olve et al., 2000). Table 4.1 at the end of this sub-section provides an overview of previously identified performance indicators from the hotel industry. In terms of

financial indicators, scholars (Chen et al., 2011; Denton and White, 2000; McPhail et al., 2008; Wilson et al., 2001) suggested the usage of return on assets, personnel cost ratio, revenue growth rate, return on investment, revenue from new customer ratio, group revenue growth rate, service cost reduction as well as net profit ratio in order to determine the hotel performance.

4.3.2 Customer Perspective

The Customer perspective, focuses on aspects and activities that are designed to provide value to the customers of a company. In addition it addresses exactly how demand will be satisfied and which elements are added value for customers, to encourage them to pay for a good or service (Olve et al., 2000). Further aspects include measures to ensure short and long term customer satisfaction and retention as well as customer loyalty. Although, the focus might shift for companies whose primary customers are businesses or component buyers, Brander Brown and McDonnell (1995) reinforce the importance of the customer perspective for hospitality businesses. A strong focus within organisations nowadays lies in customer loyalty. Especially within the intangible hotel industry, businesses must focus on value added activities in order to ensure that hotel guests' are satisfied.

Hospitality research has acknowledged for a number of years that hotel guests' satisfaction highly influences customer loyalty, considered as an integral part of long-term business profitability (Kim et al., 2013, Mohammed and Rashid, 2012). According to Wu and Lu (2012), the integration of customer relationship management (CRM) processes within hotel operations is considered the key to success in order to enhance customer value, increase satisfaction and ensure long-term profits (Raza et al., 2012). Hotels have to be aware of guests' desires, preferences and attitudinal changes in order to ensure delivery of constant quality and value (Olve et al., 2000). The importance of customer loyalty and satisfaction as CSFs within the hotel industry has been discussed in section 3.5.1 with a number of researchers suggesting customer loyalty is critical to hotel success (Avcikurt et al., 2011; Brotherton and Shaw, 1996; Hua et al., 2009).

The link from CSFs to BSC performance indicators becomes even clearer in Table 4.1. A number of performance indicators are presented that were identified by previous hospitality scholars including customer satisfaction, service quality, hotel image, customer loyalty, new customer increase rate, traffic convenience, market share as well as CRM (Chen et al., 2011; Denton and White, 2000; McPhail et al., 2008; Wilson et al., 2001). Comparing these indicators with the CSFs concept from chapter 3, it becomes apparent that the BSC approach utilises CSFs in order to measure the performance of hotels and ultimately determine hotel success. The overall business processes, as discussed in the next section 4.2.3, need to be set up in order to ensure customer satisfaction and loyalty to ensure successful business operations (Kaplan and Norton, 1992).

4.3.3 Internal/Business-Process Perspective

Within the BSC approach, the internal/business-process perspective dictates that organisations should set their overall strategy and business processes towards fulfilling customer expectations as well as meeting stakeholders' expectations (Olve et al., 2000). Chapter 2 discussed the necessity of business strategy to create successful hotel operations. Within section 2.3.1 Porter's value chain, aiming to identify overall business processes, has been presented and discussed. The BSC approach, on the other hand, is more concerned with organisations' internal business processes through the identification of resources and capabilities (Kaplan and Norton, 1992). This is in line with the neo-classical RBV discussed in section 2.3.2. In terms of relating it to factors within the BSC, measures include factors that are outside of the organisation. Olve and Sjostrand (2006) provided examples of "performance of partners" or the "functioning of website" as part of the internal/ business-process.

Table 4.1 presents performance indicators that are particularly applicable to the hotel context, namely the ability to keep existing customers, speed of new product launch, time reduction in handling customer complaints, hotel management efficiency enhancements, ability to respond to emergencies, training in environmental hygiene and cleaning operations, hotel product's innovative quality and uniqueness, time reduction of operation cycle, sales promotion ability

enhancement, customer background information compilation as well as effective problem-solving percentage.

4.3.4 Learning and Growth Perspective

The final perspective within the BSC approach is the learning and growth perspective. The previously three identified perspectives establish where organisations have to excel in order to succeed. The learning and growth perspective accounts for the objectives that have to be formulated and acted upon in order to achieve the desired outcome within the first three perspectives (Kaplan and Norton, 1992). Research has shown that organisations that are solely evaluated based on financial performances struggle in the long term (Banker et al., 2000). Therefore, the BSC approach aimed to take the entire picture into consideration by investing in the firm's "infrastructure – people, systems, and procedures" (Kaplan and Norton, 1992, p. 127). As with strategic concepts like "dynamic capabilities" discussed in section 2.3.3 which is firmly rooted in the learning schools of thought, the idea behind Kaplan and Norton's (1992) learning and growth perspective is that of a company evolving and continue improving in what they do. Rather than set targets or objectives on a BSC and expect these to be merely met over a period of time, a learning element should be assumed and required resulting in the execution or result of a specific task to gradually improve over time therefore delivering better results (Mintzberg et al., 2009).

Originally, three distinct categories were identified within a mix of manufacturing and service organisations. These were "information system capabilities", "motivation empowerment and alignment" and "employee capabilities". In order for employees to effectively work in today's business environment information systems are essential. The need for detailed information not only about customers, but internal processes and financial and organisational consequences of their decisions are increasingly important as speed increases through globalisation and new means of real time information and communication systems. Considering the comparably rudimentary means of information systems of the early 1990's when the original BSC learning and growth categories were established, the role in today's business environment has likely increased. The second category of motivation, empowerment and alignment focuses on ensuring that company

processes are designed to motivate employees to work hard, deal in the company's best interest and most importantly work towards the company's overall goals rather than their own. These can be achieved through measures such as empowerment, where employees are given the freedom and responsibility to make decisions in an attempt to make them feel valued. But ultimately these factors are concerned to ensure operational strategic fit with overall business strategy through control systems ensuring business activities contribute to the company's aims and objectives.

Finally, and traditionally the most important category for labour intensive service industries such as the hotel industry; employee capabilities. Kaplan and Norton's (1992) summary of this category included only employee satisfaction, employee retention and employee productivity. Many additions have since been made by numerous researchers to include employee education, employee professional ability, employee knowledge sharing and employee ability to use IT products to name a few as can be seen in Table 4.1 (Banker et al., 2000; Chen et al., 2011; Denton and White, 2000; McPhail et al., 2008; Wilson et al., 2001).

Table 4.1: Hotel Performance Factors identified by Previous Research

Financial	Customer	Internal Processes	Learning and Growth
Return on assets	Customer satisfaction	Ability to keep existing customers	Employee satisfaction
Personnel cost ratio	Service quality	Speed of new product launch	Employee education
Revenue growth rate	Hotel image	Time reduction for in handling customer complaint Hotel management efficiency enhancements	Employee professional ability
Return on investment	Customer loyalty	Ability to respond to emergencies	Employee productivity
Revenue from new customer ratio	New customer increase rate	Training in environmental hygiene and cleaning operations Hotel product's innovative quality and uniqueness Time reduction of operation cycle	Average employee resignation rate
Group revenue growth rate	Traffic convenience	Sales promotion ability enhancement	Employee knowledge sharing
Service cost reduction	Market share	Customer background information compilation	Employee ability to use IT products
Net profit ratio	Customer relationship management	Effective problem-solving percentage	Employee effective use of marketing information

Source: Banker et al., 2000; Chen et al., 2011; Denton and White, 2000; McPhail et al., 2008; Wilson et al., 2001

4.4 Balanced Scorecard, Critical Success Factors and Business Strategy

The BSC approach requires the attention of all employee levels within an organisation. Atkinson (2006) identified that the BSC approach is particularly applicable within middle management as this group is described as "strategic actors" in terms of strategy implementation. In addition, the BSC approach enables top management to link performance results to employee incentive programmes with a possible creation of individual scorecards which enables companies to align organisational goals with personal goals and create a positive working environment (Atkinson, 2006). The emphasis of the BSC approach is clearly on the necessity of an implementation of the approach within the entire organisation as the degree of employee involvement is considered a predictor of strategy success. Referring back to the classification of the BSC into four perspectives, Kenny (2003) argued that it can be considered a limitation as it restricts the choice of categories to track into rigid constructs. Instead, companies should consider the approach as a template and rather use the BSC approach flexibly based on the needs of the organisation. Especially in the light of the current research, Van Veen-Dirks and Wijn (2002) proposed that in order to increase the flexibility of the BSC approach it can be augmented with CSFs as it avoids the potential of management to continue on a set course of strategy rather than adopt to the changed circumstances (Atkinson, 2006).

```
┌─────────────────────────┐
│     Mission / market    │
└─────────────────────────┘
             ▼
┌─────────────────────────┐
│        Strategy         │
└─────────────────────────┘
             ▼
┌─────────────────────────┐
│          CSF            │
└─────────────────────────┘
             ▼
┌─────────────────────────┐
│   Balanced Scorecard    │
└─────────────────────────┘
```
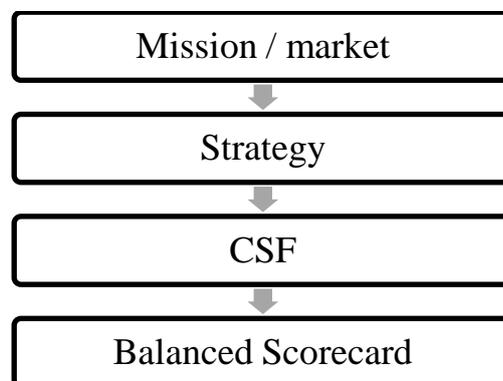
Figure 4.2: CSFs and Balanced Scorecard
Source: Van Veen-Dirks and Wijn (2002, p. 418)

Another major addition to the standard practice of the BSC approach was the suggestion to use a complementary method of comparison of benchmark values against actual values in terms of scores achieved by the company, as well as the constant review of critical business processes to ensure strategic alignment with the wider environment based on the CSFs approach (Van Veen-Dirks and Wijn 2002). Van Veen-Dirks and Wijn (2002) stated that this is especially important when companies operate in unstable markets. They added that the BSC approach sets a clear path for the implementation of a chosen strategy, but it was not designed to be flexible to continuously re-evaluate and adjust the overall strategy to new conditions. Therefore, Van Veen-Dirks and Wijn (2002) proposed to create a second process in which not only the progress is measured to reach the set outcomes as per the BSC, but a continuous process is set up which aims to continually re-evaluate the situation the company finds itself in. Based on this evaluation, the existing strategy is reviewed, new CSFs are identified and changes are made which are translated into the critical business processes with the corresponding identification and selection of critical control variables and benchmarks.

The proposed method by van Veen-Dirks and Wijn (2002) described above eliminates one of the major limitations in the BSC approach which is that the BSC "has no direct relation with the market" as it merely represents the selected strategy (Van Veen-Dirks and Wijn, 2002, p. 10). By utilising the CSFs method to detect changes in the market, strategic control can be extended beyond keeping the course of the strategy to dynamically set the route for current and future requirements. As a result, the approaches of the BSC and CSFs complement each other for a comprehensive set of management tools. Due to the popularity of the BSC approach over the last two decades, numerous research studies have been conducted in almost every industry. Although the four categories originally presented by Kaplan and Norton (1992) represent broad overall headings that seem to have fit many cases, there are some where results have inclined researchers to change the "perspectives" into different themes. Phillips and Louvieris (2005) who analysed performance measurement systems in small and medium sized tourism and hospitality enterprises found their "priority factors" (their term for perspectives) to be budgetary control, customer relationship

management, strategic management and collaboration. According to them, this was necessary to provide a better definition for the categorisation of their CSFs due to the nature of the differences between SMEs and large corporations for which Kaplan and Norton's (1992) perspectives were designed for.

4.5 Summary

This chapter has identified that the BSC approach is a strategic framework that utilises CSFs as a foundation to develop performance measurement indicators. The BSC approach is considered an essential tool of management decision making as it aims to assess the relationship between current business activities and future success. The BSC approach consists of four perspectives: financial, customer and internal business processes as well as learning and growth. Each perspective has its objectives and an organisation's performance can be determined based on a number of measures within each perspective. Organisations have to identify and acknowledge CSFs in order to determine which areas have to be focused on when developing performance measurement indicators. Therefore, it is essential for an organisation to firstly create a strategy, identify CSFs and then implement these into the BSC approach in order to ensure long-term success.

CHAPTER 5: UK HOTEL INDUSTRY

5.1 Introduction

According to the World Tourism Organisation (UNWTO) tourism is amongst the most important contributors to worldwide economies. Tourism combines a number of industries such as air travel and hospitality which make it a multi-faceted industry. Taking a closer look at the UK hospitality context of this study, tourism is furthermore one of the UK's most important industries which contributes over 96 billion pounds to the economy in England alone (VisitEngland, 2011). As the current study focuses on CSFs within the UK`s hospitality industry, this chapter will firstly introduce the tourism industry in general and then take a look at the UK and its tourism industry before covering the hospitality industry in particular. Finally, the concepts of CSFs and strategy are placed into context and linked together.

5.2 The Tourism and Hospitality Industry

According to the British Hospitality Association (2010), the tourism and hospitality industry overlap in a number of areas (see Figure 5.1). As a result, the following section will cover tourism and hospitality, before progressing to the hotel industry.

Figure 5.1: Tourism and Hospitality
Source: British Hospitality Association, 2010

To illustrate the impact tourism can have, in 2010, international tourism receipts reached a value of about US$ 919 billion globally (UNWTO, 2011b). China has particularly benefited from enhanced tourism activities in terms of international arrivals to China and increased tourism receipts. China even overtook Spain in third position following France and USA (UNWTO, 2011b). It was revealed that modern tourism is closely related to economic development and a key factor of a positive socio-economic progress. In particular, tourism is estimated to contribute directly and indirectly between 6 and 7 percent of the total number of jobs. The main importance however is on countries with a small number of manufacturing industries, such as island states. Islands such as the Maldives, Seychelles or examples within Caribbean Islands, are dependent on international tourism receipts. As more destinations compete for tourism money, this becomes obvious in the distribution pattern of international arrivals. While in 1950 the top 15 destinations combined a share of 88% of all international arrivals, this figure had sunk to 75% in 1970 and even to 55% by 2010.

This spreading of visitors has particularly benefitted emerging and developing countries which have increased their share of international arrivals from 32% in 1990 to 47% in 2010 (UNWTO, 2011c) . As described above and shown in Table 5.1 a major benefiter of this trend has been China.

Table 5.1: International Tourism Arrivals 2012

Rank	International Tourism Arrivals 2010
1	France
2	United States
3	China
4	Spain
5	Italy
6	Turkey
7	Germnay
8	United Kingdom
9	Russia
10	Malaysia

Source: UNWTO (2013)

As presented in Table 5.1, in 2012 France has been the leading destination in terms of international arrivals closely followed by the USA and China. The trend of emerging markets taking over the tourist share can be identified from the fact that China has now even surpassed Spain in third place. The UK ranked eighth within this statistic, demonstrating the enormous tourism market within the country. Furthermore, UNWTO (2011d) revealed that London is the second most visited city destination worldwide with approximately 14.6 million visitors in 2010 only following Paris with 15.1 million visitors and followed by New York ranked third with 9.7 million visitors. However, taking international tourism receipts into account, the UK only ranks seventh as presented in Table 5.2.

Table 5.2: International Tourism Receipts 2012

Rank	International Tourism Receipts 2012
1	United States
2	Spain
3	France
4	China
5	Italy
6	Germany
7	United Kingdom
8	Australia
9	Thailand
10	Turkey

Source: UNWTO (2013)

The roots of the hospitality industry are the provision of basic human needs such as food, drink, shelter and rest (Page and Connell, 2006). As the industry developed over time, other areas have emerged which are now seen as part of the hospitality industry. According to (Crick and Spencer, 2011, p.464) "the word hospitality is often used to describe the rather broad field that incorporates lodging, food service, leisure, conventions, travel, and attraction". Figure 5.1 shows the official classification of the British Hospitality Association as to what activities are considered part of the hospitality industry, and which activities overlap with the tourism industry.

According to Kapiki (2012, p. 1), hospitality itself is not only a part of the tourism and travel industry but also means "providing service to others as well as demonstrating consistent excellence and quality". Kapiki (2012) and Kasavana and Brooks (2007) also segmented it into a number of subgroups such as the tourism lodges, transportation services, food and beverage operations, retail stores, and activities providers. They acknowledged that some of these groups can coexist together giving the example of a restaurant operation within a hotel. Similar to the structure of the industry, the challenges within the hospitality industry have changed over time. The most significant in the 21st century has been considered the social phenomenon of population ageing in the western world. While especially in Europe, the birth rate has continuously decreased, life expectancy has increased (Charness and Boot, 2009; Glover and Pridaux, 2008; Lohmann and Danielsson, 2001; Metz and Underwood, 2005). Even on a global outlook, it is estimated that the world's population of people aged 60 and above will double to constitute 22 percent by the year 2050 (Sedgley et al., 2011). This is expected to cause not only travel patterns to change significantly, but also the demands of customers in the hospitality industry. As Sedgley et al. (2011) pointed out, it is not surprising that the hospitality industry recognised the potential that arises from these changes in customer demand and age structure, and market and academic research has started to develop competitive strategies to target these new customer segments. According to Charness and Boot (2009), a further trend within the global hospitality industry are emerging technologies. In particular, the intangible nature of some areas of the hospitality industry require new approaches to technology utilisation and integration.

As revealed within Chapter 2, strategies must evolve and be adapted to environmental changes on a regular basis in order to remain competitive and ensure organisational alignment. In addition, the process of strategy creation and implementation changes every few decades. Consequently, CSFs that have been identified to be crucial for hospitality organisations in the past need to be re-evaluated and adopted based on current and future trends. As shown above the hospitality industry is a broad field of study overlapping with tourism; the next section will specifically look at the hotel industry, setting the study in context.

5.3 The Hotel Industry

The hospitality industry plays a crucial role in tourism. It is primarily made up of SMEs with hotel chains only comprising a small market share overall. In 2003, about thirty percent of hotels were controlled by chains (Page and Connell, 2006). This figure however varies greatly from country to country as the example of the USA shows where in the year 2000 almost 70 percent of the hotel market was controlled by chains. The development from independently owned hotels to chain owned hotels happened relatively fast as can be seen from the figures of 1990 where about 55 percent of all US hotels were independently owned (StateUniversity, 2011). Conversely, the example of Europe shows that in 2006 merely about 25 percent of hotels were under chain control (Page and Connell, 2006). These figures could be expected to have risen even more as hotel chains have continued to expand their networks and tried to gain additional market share. Further, the distribution of branded and independent hotels varies also. Chain hotels dominate within cities where about 60 percent of hotels are owned by chains as opposed to the countryside where the figure is significantly lower. The growth of hotel capacities has been slow in the OECD countries over the last decade. Particularly in the mature markets the focus has been on rejuvenation, improvement of facilities and updating of décor and, as indicated, by continuous high investment. This need for investment adds to the continuous decline of independently owned hotels as access to capital is often limited (Mintel, 2011b). In less developed markets and countries the supply of hotel inventory has grown significantly due to the increased demand of standardised accommodation. As could be seen from the example of the USA, a forerunner in trends, the strong growth of chain hotels is greatly facilitated by the desire of customers to receive a certain standard wherever they travel to (OECD, 2010).

In addition, the high market penetration of branded hotels in major European cities as well as rising market shares of branded hotels in rural locations demonstrates the increasing demand of standardised service experiences within hotels (OECD, 2010, Page and Connell, 2006). This trend relates to the area of CSFs discussed in chapter three, as it clearly shows the desire of customers for certain characteristics when visiting hotels; in this case standardisation, which is considered a CSFs in the literature.

Although, only about 50 percent of tourists choose a hotel as their accommodation, they are significant in attracting customers with relatively high purchasing power (OECD, 2010, VisitBritain, 2011). In particular business travellers can be considered a prime hotel market with a high purchasing power. One of the limiting factors in this equation is the continuous impact of the financial crisis 2008 and the following recession, resulting in a major decrease of world business travel (Mintel, 2008). Although recently figures for business travel have begun to rise again, they are still below the levels of 2008. In addition, the possibility of firms utilising teleconferencing and similar methods to reduce their travel budgets has to be kept in mind. As PwC (2011) stressed, the return of business travel is paramount for the hotel industry to reach levels of acceptable revenue per available room (RevPAR). In the meantime the focus of hotels has been on leisure travellers which has compensated for some of the fall in business activity at least on the occupancy side. However, both leisure and business travellers have traded down during recent years as a result of corporate savings programs and reduced personal spending. In the next section 5.5 a closer look will be taken at the industry situation within the United Kingdom.

5.4 The Tourism and Hospitality Industry within the UK

As identified above, the tourism industry in general contributes greatly to a country's economy and is made up of several industries. Therefore, in this section the UK will be discussed in some detail to place the study in context. Furthermore, the contribution of tourism in general will be covered before proceeding to the hospitality industry and specifically the hotel industry in the UK.

5.4.1 United Kingdom

The United Kingdom consists of the four countries England, Scotland, Wales and Northern Ireland which are governed under a constitutional monarchy and a parliamentary system with its seat of government in the capital city of London and is a country in its own right (Number10, 2003). Scotland, Wales and Northern Ireland have devolved national administrations in Edinburgh, Cardiff and Belfast respectively. The UK´s population is 62.698.362 as per the 2011 estimate of the CIA Wold Fact Book with a ratio between male and female of 0.98. Regional

conurbations within the UK are the city of London with 8.6 million inhabitants, Birmingham (2.3 million), Manchester (2.2 million), West Yorkshire (1.5 million) and Glasgow (1.2 million) (CIA, 2011). Therefore, as of 2011 the UK is the 22nd largest country in terms of inhabitants. The age structure follows the same trend as in many European countries with a significant proportion of 66.2 percent of people aged between 15-64, and only 17.3 and 16.5 percent aged 0-14 and 65and over respectively. Therefore, over the next 30 years the median age is expected to raise from 40 years today to well above 46 (Vaughan-Jones and Barham, 2009).
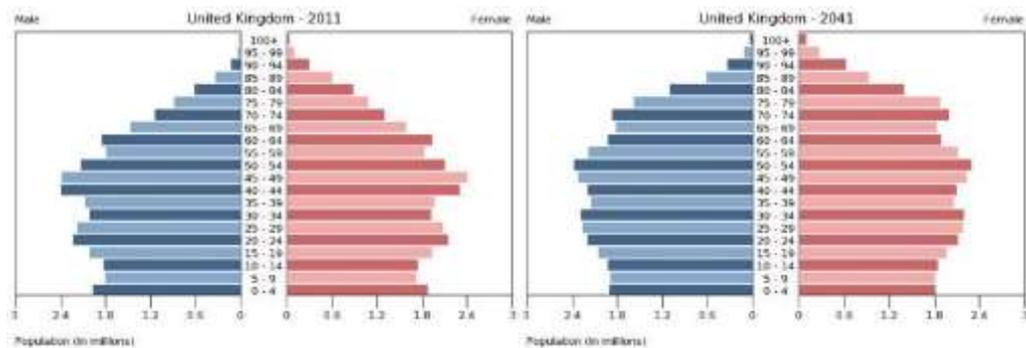
Figure 5.2: Age Structure UK 2011 and 2041
Source: Census Bureau (2011)

In terms of global economic output, the UK is ranked seventh with a Gross Domestic Product (GDP) of about 2.1 Trillion US$ in 2010 after the USA, China, Japan, India, Germany and Russia (CIA, 2011). This makes the UK the second largest economy within Europe after Germany and just slightly larger than France. Within its economy, the financial sector is the largest contributor to GDP, which was particularly hard hit during the financial crisis in 2008 and the following recession and state debt crisis in the last three years (VisitBritain, 2010b). In addition, rising oil prices and above desired inflation rates have further slowed the recovery of economic activity resulting in significant effects on the labour market and rising unemployment towards the end of 2010 after a promising start at the beginning of the year. The impacts of these developments, in addition to further increasing inflation rates, are expected to reduce disposable income over the next years and result in less spending and increased saving rates (OBR, 2011). Furthermore, increased world commodity prices, as well as significant austerity measures worldwide, are expected to slow the global economic recovery and

growth further. As a result, the Office for Budget Responsibility (2011) has revised their expected growth rate for 2011 and the following years downwards to about 1.7 percent for 2011 and between 2 and 3 percent per annum until 2015, with a negative outlook if the economic turbulence persists. However, the labour market is expected to recover with claimants falling back from 8.3 percent to 6.4 percent until 2015. This however has significant impacts on the country's tourism industry which is strongly dependant on disposable income (CIA, 2011, PriceWaterhouseCoopers, 2011).

5.4.2 UK Tourism and Hospitality Industry

The UK tourism industry is currently worth about 115.4 billion pounds and therefore contributes about 5.5 percent to overall GDP. Applying a broader definition of travel and tourism and adding related activities, Visit Britain, the country's tourist management organisation, states that the economic contribution is close to nine percent of total GDP (VisitBritain, 2010b). It is projected that in line with overall GDP growth, travel and tourism contribution will increase modestly and reach 188 billion pounds by 2020 in nominal terms. In terms of employment, the tourism sector provides about 1.358 million jobs directly which accounts for 4.4 percent of all jobs in the UK, rising to 2.635 million and 8.5 percent if indirect employment is added. In the year 2010, this figure rose even further to 8.7 percent meaning that one in 12 jobs is directly or indirectly supported by tourism. This however varies greatly for the different countries in the UK as England alone accounts for about 1.1 percent of directly related jobs. Therefore the proportion of jobs in Scotland and Wales is much lower in nominal terms, but due to fewer residents is significantly higher in proportion to England, thus making them even more dependent on tourism (Deloitte, 2010). In fact, as can be seen in Table 5.3, Wales and Scotland are also significantly more dependent on tourism in terms of overall GDP contribution as they have the highest percentages except for the tourist hotspots of London and the South West.

Table 5.3: Regional Economic Contribution of Tourism

Region	Direct Industry GDP		Direct and Indirect Industry GDP	
	Contribution £bn	% of regional GDP	Contribution £bn	% of regional GDP
West Midlands	2.6	2.4	5.8	5.3
East of England	3.2	2.3	7.0	5.1
East Midlands	2.1	2.3	4.7	5.1
London	14.2	5.8	31.5	12.9
North West	4.7	3.4	10.5	7.6
North East	1.1	2.2	2.3	4.9
South East	5.8	2.6	12.8	5.8
South West	6.3	5.7	14.0	12.6
Yorkshire	2.6	2.6	5.8	5.7
Scotland	5.8	5.1	12.8	11.4
Wales	2.6	5.0	5.8	11.0
Northern Ireland	0.5	1.6	1.2	3.6

Source: Deloitte, 2008; Deloitte, 2010

Direct expenditures of inbound, outbound and domestic tourists amounted to 92 billion pounds in 2010. Importantly, inbound tourism, a major contributor to economic growth, remained similar to peak levels of 2008 with 16 billion pounds, whereby the share of leisure travel compensated largely for the sharp fall in business travel. In 2012, the countries of origin which accounted for the major proportion of inbound tourism are France, Germany, USA, Irish Republic, Netherlands and Spain which together account for 52 percent (Visit Britain, 2013). The exact distribution of the top ten on a per country basis can be seen in Table 5.4.

Table 5.4: Top Ten Markets by Arrivals to the UK 2012

Country	Visits (thousands)	% Total
France	3787	12.0
Germany	2967	10.0
USA	2840	9.0
Irish Republic	2453	8.0
Netherlands	1735	6.0
Spain	1716	6.0
Italy	1521	5.0
Poland	1222	4.0
Belgium	1113	4.0
Australia	993	3.0

Source: Visit Britain, 2013

The other indicator worth looking at is the expenditure of tourists by country. As presented in Table 5.4, the top ten countries of origin for inbound tourism account for 68 percent of all arrivals to the UK. In contrast the top ten countries by value

of tourist expenditure only account for 54 percent representing a stronger fragmentation of the market. Also, the USA ranked third by volume of arrivals are ranked first if ranked by value, accounting for 13 percent of total expenditure as displayed in Table 5.5.

Table 5.5: Top Ten UK Markets by Tourist Expenditure 2012

Country	Spending (million £)	% Total
USA	2436	13.0
France	1513	8.0
Germany	1223	7.0
Australia	1018	5.0
Irish Republic	797	4.0
Spain	776	4.0
Italy	760	4.0
Netherlands	627	3.0
Canada	559	3.0
Switzerland	547	3.0

Source:Visit Britain, 2013

In 2012, the preferred mode of travel to the UK was clearly by air with 73 percent of all inbound travel. The UK is well connected to the global travel network with over 100 countries having direct flight connections to the UK in 2012. Other methods of reaching the UK are by sea or the channel tunnel with fourteen and thirteen percent use respectively (Visit Britain, 2013). Finally, the overall competitiveness of the UK travel and tourism industry has been assessed by the by the World Economic Forum and the Centre for Global Competitiveness and Performance and found to be amongst the top ten amongst the world's most competitive countries.

Specifically the UK was ranked seventh after Switzerland (5.68), Germany (5.50), France (5.41), Austria (5.41), Sweden (5.34) and the USA (5.30) with a score of 5.30 out of Seven. The UK is followed by Spain, Canada and Singapore with scores of 5.29, 5.29 and 5.23 respectively. Overall, this is an improvement from 2009 where the UK was ranked 11th (Ach et al., 2011). Comparing it to the two most competitive Euro Zone members Germany and France, the UK has performed similarly in many of the 14 subcategories, with the largest negative difference in the section of health and hygiene (VisitBritain, 2011). According to the British Hospitality Association (2010, p. 2) "hospitality is an active engine of

travel and tourism to and within the UK [and] without a dynamic hospitality economy, Britain cannot enjoy a thriving tourism industry".

5.5 The UK Hotel Industry

As mentioned several times, the tourism industry contributes significantly to countries' economies. A major part of this contribution stems from the hotel industry which has historically played a major part in the UK. The fragmented overwhelmingly independently owned hotel industry has changed significantly from its early beginnings. Due to the pioneering role Britain played in the professionalisation of hotels and the development towards chain owned and operated establishments, this section will briefly cover the beginnings of the hotel industry from the year 1900 and how room inventory developed over the 20th and the beginning of the 21st century. Next a closer look will be taken at the hotel industry structure, examining the number of hotels in the UK, the level of service they offer and geographic distribution. Furthermore, a subsection will cover the past few years of economic performance of the hotel industry before finishing with the trends that are currently affecting UK hotels. At this point it needs to be mentioned that the exact determination of market size, structure and capacities is difficult to determine as there is no official requirement to register as a hotel. Therefore the data used is a combination of independent research by academia, business consultancy firms, and associations such as the British Hospitality Association.

5.5.1 History of Room Inventory of UK Hotels

In the year 1900 Britain had a hotel chain room stock of 13,000 accounting for 7 percent of total supply at that time. At that stage in time, no other country in the world had such a strong presence of chain hotels. This development was fuelled by the country's advancements in rail travel possibilities and a major push to vertical integration of breweries which looked to secure establishments to sell their products. Furthermore, entrepreneurs started to create hotel chains as business models on their own. The First World War and the following great depression, affected the growth significantly but Britain's hotel chains continued to grow. By the time the Second World War started, chain hotel room stock had increased by more than 100 percent to 29,000 now accounting for 13 percent of

total supply. Due to the constraints of the Second World War and the following restrictions and lack of resources, the growth of room capacity ground to a halt, increasing only moderately to 35,000 in the year 1960. These growth rates were fuelled by domestic demand of coastal resort holidays (Slattery and Gamse, 2006). The increasing consumer economy boosted the developments of chain hotels significantly as room inventory almost doubled in only ten years reaching 65,000 by the year 1970. Around this time, a significant amount of overseas tourism had developed creating strong demand for city hotels and compensating for the decline in domestic holiday demand. Furthermore, with increased mobility and transportation, domestic demand for short city trips grew, representing a new travel behaviour. Room inventory leaped again until reaching 99,000 rooms in 1990, driven by the increased numbers of overseas visitors, strong domestic travel and the strong developments in domestic business travel.

At this point the number of branded hotels was much lower in percentage terms compared to independently owned establishments, yet percentage wise they accounted for a larger share of room inventory. It was in the period of 1990 to 2000 where the biggest change in industry structure occurred as Britain saw a major transition from independent establishments to chain owned or affiliated properties. While overall room stock rose by a mere one percent per annum, branded room capacity rose by four percent while independently owned room supply declined by about 1 percent (Slattery and Gamse, 2006). At the end of the 20th century, chain hotel stock had rocketed to about 218,000 rooms now accounting for about 47 percent of total room supply in the UK. The latest stage of development in chain hotel inventory increase could be observed from 2000 to 2005 as inventory of branded chains increased again by about 42,000 rooms now accounting for 55 percent of overall supply in Britain. For a graphical representation of the inventory growth, see Figure 5.3.
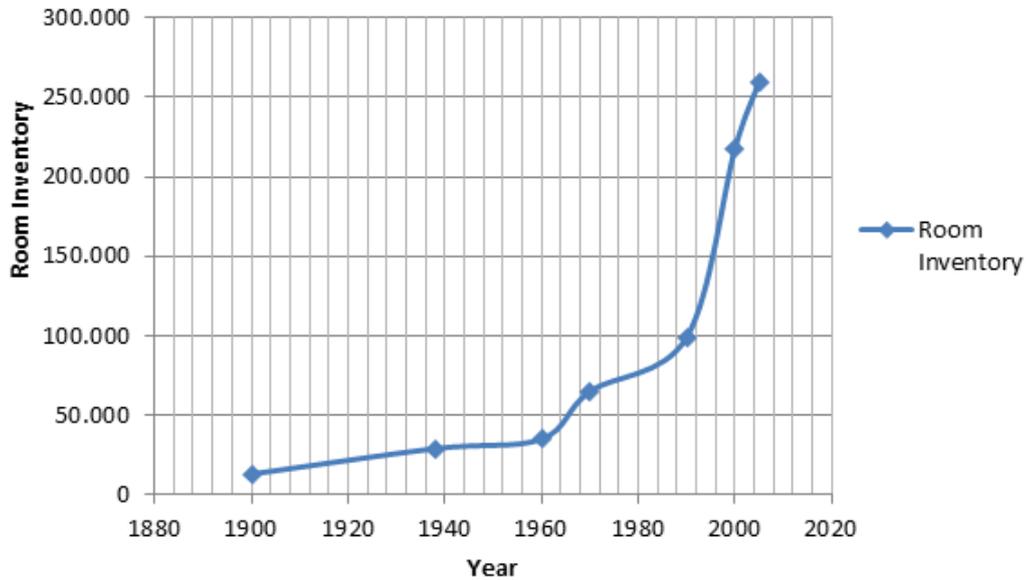
Figure 5.3: Room Inventory of Chain Hotels in the UK 1900-2005
Source: Slattery and Gamse (2006)

One of the major difficulties when analysing the supply of hotel rooms is the different definitions of what constitutes a hotel or similar establishment. While some sources of figures might use the definition of a hotel as any establishment from ten or more rooms, others might not make such a distinction. Others use the number of beds as a reference measure. Unfortunately, as Slattery and Gamse (2009) pointed out, there are few reliable and accurate figures of the hotel industry which can be used as definite measure. As a result, the figures that are used can have a certain degree of discrepancy between them. It is for that reason that often the more reliable figures are of branded or chain hotels as it is easier to keep track of them. However, to provide a holistic picture of the hotel inventory, that of independently owned hotels must be included. Therefore as found by Melvin Gold Consulting Limited (MGCL) (2008), in Slattery and Gamse (2009) the overall room inventory in the UK as per 2008 is at about 708,412 rooms. Of these, only about 200,000 rooms were considered to be independently owned although this figure had been adjusted for partial closure during off peak season time. This means that according to MGCL (2008) the branded chain hotel segment almost doubled their inventory from 2005 to the end of 2008 if the figures by Slattery and Gamse (2006) are taken as the point mark for 2005. Comparing this figure with those of the latest report of the OECD (2010), which

states 1.245.000 as the UK's bed capacity at the end of 2007, it would average out at 1.8 beds per room. Although there is no reliable way to confirm this figure it is within what would seem reasonable if it is assumed that most rooms are double rooms, a few have three or more beds and the rest are single bedded rooms.

5.5.2 UK Hotel Market Structure

In 2012, the Hotel Industry Magazine reported a total of 45,800 hotels, both chain and independent, however without the inclusion of self-catering accommodation. Out of these hotels, 62 percent were identified to be independent and 38 percent to be branded budget, mid-market and luxury hotels. As can be identified from the figures in the above section and Figure 4.3 the majority of room stock is provided by branded chain hotels as independent hotels tend to be smaller in size (Mintel, 2004). As indicated before, the UK hotel industry can be described as a very fragmented industry with a significant proportion of independently owned bed and breakfasts (B&B). Therefore, although the majority of hotel inventory is provided by branded chain hotels, the number of independent hotels is much larger. As per the fourth of November according to Hotel Data Limited (2011) the number of hospitality establishments in the UK is 12,862. One significant limitation is the lack of information as to how this number was achieved. Although the distribution in terms of budget, mid-market and up-market seems about right on balance and corresponds to other sources such as Mintel (2011b), the overall number appears to be too small considering other country comparisons as per the OECD (2010) (see Table 5.6). Furthermore, taking into consideration the fact that Britain's hotel industry is made up of predominantly SMEs declared as B&Bs, the average room count of about 100 rooms per hotel does not seem correct. Therefore until more accurate data can be obtained the assumption must be made that there are significantly more hotel establishments than 12,862. Following this line of assumption and utilising the figures provided by the Office for National Statistics (2012) the number of serviced establishments rose to 38,939 in 2011 (as of March 2014 these were the latest official statistics). However, these figures include establishments such as castles, farms, and restaurants with rooms and serviced apartments which need to be deducted. Therefore, subtracting these, the figure is reduced to 22,066 establishments with just over half of these establishments being declared as B&Bs. Taking this into consideration, the previous figure of 12,862 is

relatively close to the number one would get if only larger "hotel-like" serviced establishments were selected. Thus, the figure of 5,469 in Table 5.6 probably only represents branded star rated hotels and budget hotels which could be reliably identified by the sources. Finally, the definition of what is included in the count needs to be established and defined for this study not only to accurately define the context and scope, but also to increase the validity and rigour of this research.

Table 5.6: Hotels according to Classification

Stars	Number of Hotels
5	114
4	1,091
3	2,202
2	734
1	18
Budget	1,310
Total	**5,469**

Source: Langston, 2010; Mintel, 2009; Mintel, 2008; TRI-Hospitality-Consulting, 2013

In order to shed some light on the industry structure, the distribution of hotels in the different classifications is evaluated. According to Lloyd et al. (2013), a five star rating system is in operation within the UK. Hotels that offer higher quality services and amenities, as well as personalised and customised services which are in turn quite labour intensive, are awarded higher star ratings than for example budget hotels with a focus on simplicity and a minimum amount of service. Table 5.6 shows the number of hotels recorded for each category of star classification. One of the trends which has been observable over some years is the continuous expansion of budget hotels. Although this segment has grown far faster than the mid-market and four and five star sector, it is still expected to outpace the others (Langston, 2010; Price Waterhouse Coopers, 2011).

As can be identified from the table, the majority of hotels are in the four and three star category as well as the budget sector. Although, the data cannot be taken as definite, at the time of writing a lack of more robust figures restricts the more detailed analysis.

5.5.3 Geographic Distribution

A particularity of the UK hospitality market is the London-centric orientation as almost half of all inbound visitors made London their destination of choice. As a result, the density of hospitality operations in and around London is significantly higher than in the rest of the UK (PriceWaterhouseCoopers, 2011). This is reinforced by the numbers provided by Visit Britain (2010a) which list 2,142 establishments with 113,808 Bedrooms in London, making it the largest single cluster of room capacity within England, and therefore most probably the UK as can be seen in Table 5.8.

In general it has to be noted that London assumes a special role in the hotel industry. As mentioned previously, not only is the capacity higher in London, but the occupancy and RevPAR is also higher in London. An explanation is provided in detail in the next section 5.6.4. Therefore a clear distinction needs to be made when talking about the UK or England generally or specifically about the regions. Although Table 5.7 only provides the figures for England, it becomes apparent that the exclusion of London significantly affects the average rooms per establishment figure.

Table 5.7 further allows a rough analysis of the average size of hotels in England. While the largest three areas in terms of number of establishments (North West, South East and South West) combine 58.9 percent of all English establishments, they only represent 49 percent of all rooms in England. In contrast, establishments in the West Midlands, the second smallest area in terms of number of establishments, consist of about 20.9 rooms on average. As discussed in section 5.5.2 on the market structure, these figures include a significant amount of B&Bs and smaller establishments which will not be the focus of this study.

Table 5.7: Accommodation Stock by England's Regions

	Establishments*	Bedrooms	Rooms/Est.	Beds	Beds/Est.
England	31,980	550,154	17.2	1,206,965	37.7
North East	1,383	20,522	14.8	42,267	30.6
North West	4,833	83,847	17.3	192,030	39.7
Yorkshire/Humber	3,150	42,109	13.4	89,380	28.4
East Midlands	2,417	30,109	12.5	63,192	26.1
West Midlands	2,045	42,670	20.9	89,848	43.9
East of England	2,428	31,032	12.8	71,812	29.6
London	2,142	113,808	53.1	249,581	116.5
South East	6,541	100,602	15.4	221,770	33.9
South West	7,038	85,455	12.1	187,085	26.6
Region Average		61,128	19.1	134,107	41.7
Region Average (Exc. London)		54,543	14.9	119,673	32.4

* Establishments include castles, farms, and restaurants with rooms and serviced apartments
Source: Visit England (2010a)

What would be interesting for this study is the distribution of hotels between rural and urban settings. As London takes such a special setting in the distribution and characteristics from occupancy, RevPAR and perhaps even profitability and ROI it would be advantageous to further investigate the state of the industry in other major cities of the UK such as Manchester, Birmingham, Leeds, Liverpool, and Glasgow.

5.5.4 Hotel Industry Performance

The hospitality industry in the UK was particularly hard hit by the 2008 recession and the following weak recovery of worldwide economies. In their UK hotels forecast for the year 2010 and 2011 PwC forecasted that it would recover at two speeds; one for the city of London and one for the rest of the country at a significantly slower pace. Business travel had started to recover slowly at the beginning of 2010 but domestic tourism was still significantly below 2008 levels and not expected to rise soon. As a result, PWC (2010) forecasted a growth in RevPAR of 5.8 percent in 2010 and a stronger 7.8 percent growth for 2011 in London. On the slower road to recovery, the rest of the UK and especially the provincial regions were expected to grow by only 1.6 and 3.1 percent in 2010 and 2011 respectively. However in their new report, PWC (2011) reported that growth, although still significantly different for London and the rest of the UK, had been much stronger than anticipated with a RevPAR growth of 11.4 percent for London and 2.8 percent for the rest of the UK. For the year 2011 growth rates

are expected to be 8.3 percent for London and 3.6 percent for the rest of the UK. As for the forecast for the hospitality industry over the next few years, it needs to be remembered that with the significant economic and political turmoil in the eurozone and the increasing debt crisis of countries and associated austerity measures, it is difficult to make reliable and valid predictions beyond 2014. In addition, the hospitality industry in particular could be affected significantly by the 2012 Olympic and Paralympic Games held in London. Therefore, any reports or statistics for 2012 will be dependent on the assumptions of additional business from the Olympic Games (PriceWaterhouseCoopers, 2011).

Finally, over the last three or four years the UK hotel industry has experienced some trends which have partially to do with the recovery from the recent recession, but also with changing patterns of customer behaviour and demographic change. As briefly touched upon in section 5.5.1, when city trips became more popular and the classic demand for sea side resorts declined as a result, there seemed to be a renewed preference for short domestic breaks. In fact, in the period from August 2008 to September 2010 a ten percent increase was recorded in people taking short domestic holiday breaks (Mintel, 2011b).

In addition, the trend to branded accommodation seems to be on-going. The supply of branded rooms has already surpassed the supply of unbranded rooms and continues to grow. Mintel (2011b, 2011a) stated that more and more people are looking to stay in branded accommodation. In addition as previously mentioned, business travellers have become accustomed to budget hotels in the aftermath of the recession when travel budgets were scrapped or accommodation was downgraded. Mintel (2011a) found that the main target market of budget hotels are travellers up to 44 years of age. According to Tri Hospitality Consulting (2010), the trend towards budget accommodations can also be identified by the fact that the number of budget rooms in the UK increased from 10,555 in 1993 to 114,974 in 2010. Also as discussed above, Smith et al. (2014) furthermore acknowledged the rapid expansions of budget hotels including Travelodge, Premier Inn and Motel One. Therefore, it is very important for four and five star hotels to strategically orient themselves to compete for market share by ensuring customer satisfaction and retention. Strategic business management is therefore

also a prerequisite to ensure that customers are encouraged to return to previous behavioural patterns such as upgrading to higher service hotels. Section 5.7 will cover the UK four and five star market in more detail.

5.6 Four and Five Star Hotel Industry in the Context of Study

5.6.1 The Four and Five Star Hotel Market

This PhD thesis focuses on CSFs within the four and five star UK hotel industry. A number of previous researchers have included four and five star hotels within the four and five star hotel segment (Israeli et al., 2011; Davidson et al., 2010; Brenner, 2005; Timo and Davidson, 2005; Knox and Walsh, 2005; Clancy, 2001; Nebel et al., 1994; Gilbert and Horsnell, 1998). In addition, Harrison (2014, p. 1) raised the question "What is a luxury hotel?" stating that "there are no set standards for luxury hotels, and both four-star and five-star hotels generally describe themselves as luxury". Also Kucukusta et al. (2013) targeted both four and five star hotels within their study on corporate social responsibility within luxury hotels due to the similar characteristics in terms of customers, amenities and level of service. Verrisimo and Correia Loureiro (2012) conducted a research study on luxury travel products and identified that within Western cultures consumers are increasingly looking for the "extraordinary" which has important implications for the hotel industry. Furthermore, Harrison (2014) argued that the meaning associated by the word luxury has been diluted through overuse by creating a "luxury" versions of everything from coffee blends and chocolate to detergents. In addition, taking into account the emergence of technology and global competitiveness, the hotel industry has to increasingly differentiate itself through the provision of high service levels and quality of amenities in order to stay competitive. According to Verrisimo and Correia Loureiro (2012), there are cultural differences when considering what exactly constitutes luxury. Many products and services started off as being luxury goods however changed to being a basic human need such as sugar in Western Europe. Also the demand for luxury goods is changing. Nowadays, China, Russia, India and Brazil are considered the main markets for luxury brands and products. Figurewise, luxury travel represents only three percent of all tourists worldwide however in terms of expenditures, luxury tourism represents around 25 percent of total tourism expenditures which shows the enormous importance of this travel segment (Verrisimo and Correia

Loureiro, 2012). ILTM (2010) identified a number of factors that luxury tourism businesses should focus such as authenticity, service quality and uninterrupted delivery of experiences from front to back. It is telling that a paper concerned with the trends and recommendations for the luxury segment does not specify what it constitutes. The issues with defining the exact traits of luxury are that it is subjective to the individual. As Lance (2013, p.1) argued luxury is a state of mind, whether it's the physical appearance of an object such as the texture, font or the service you receive for your money. In the intangible context of the hospitality industry, more often than not it's the "experience you can't quite put your finger on but you know it was special". Therefore, although this study does not define the exact boundaries of what constitutes the luxury market generally, it does define it for the context of this study as upmarket, four and five star properties as per the classification of the AA Guide.

Table 5.8 provides the classification for the star rating system. For the purpose of this study, there is a focus on the four and five star hotel industry. According to the "AA Hotel Guide 2010" there were 84 five star hotels and 648 four star hotels listed in the UK, resulting in a total population of 732 hotels which qualified as the population for this study.

Table 5.8: AA Guide Hotel Star Rating Classification

Star rating	Description
★	Courteous staff provide an informal yet competent service. All rooms are ensuite or have private facilities, and a designated eating area serves breakfast daily and dinner most evenings.
★★	A restaurant or dining room serves breakfast daily and dinner most evenings.
★★★	Staff are smartly and professionally presented. The restaurant or dining room is open to residents and non-residents.
★★★★	Professional, uniformed staff respond to your needs or requests, and there usually are well-appointed public areas. The restaurant or dining room is open to residents and non-residents, and lunch is available in a designated eating area.
★★★★★	Luxurious accommodation and public areas, with a range of extra facilities and a multilingual service available. Guests are greeted at the hotel entrance. High quality menu and wine list.

Source:www.theaa.com/travel/accommodation_restaurants_grading.html#tabview%3Dtab1

However, Harrison (2014) acknowledged that a true luxury hotel experience should include more than expected within these star rating classifications. The luxury hotel experience should start with an easy and simple reservation process as well as a personal, fast and discreet check-in upon arrival. Rooms should fulfill or exceed customer expectations in order to be considered luxury. The same should apply to the service mentality (Williams, 2009). Providing a personalised and outstanding hotel experience, also through complimentary touches, is considered a key aspect of a luxury hotel experience (Harrison, 2014). Therefore, although hotels might fall into a certain category of star rating, they still have to ensure that their products and services are up to the luxury hotel stdandard in order to remain competitive and ensure guest satisfaction and retention. Consequently, it is important for hotels to strategically identify and review the critical factors that ensure their hotel success.

5.6.2 CSFs within the Hotel Industry

One of the reasons for guests' preference to choose midmarket to luxury hotels might be the desire for consistent quality. According to Antony et al. (2004) within the hospitality industry quality is enormously important due to the frequent contact with customers. In addition, to be competitive hotel organisations have to ensure high quality standards in order to create loyal customers (Douglas and Connor, 2003, Roper and Carmouche, 1989). Unlike solely manufacturing or service businesses, one special aspect of the hospitality industry is that it needs to focus on both tangible and intangible aspects (Hassanien et al., 2010). Hotels have to win guests with quality standards within their intangible products such as service levels, the caring of management or convenience when dealing with guests' requests and transactions. In addition, tangible offers such as room amenities, hotel facilities, and quality of food or cleanliness play a significant role (Ramanathan and Ramanathan, 2011). Depending on the classification of hotels, the emphasis on tangible or intangible features varies. While budget hotels limit their service and try to create customer value through tangible aspects, luxury hotels engage in customer interaction, superior service levels and intangible features in general as well as extensive tangible features (Roper and Carmouche, 1989). Senior and Morphew (1990) added that although service levels in budget operations were reduced, the service quality was very important nonetheless. In

fact, in 2009 Hua et al. conducted a study on Chinese budget hotels which found that the top five CSFs are all about service quality.

These tangible and intangible features of hotels were also identified to be CSFs by previous research (Brotherton and Shaw, 1996; Hua et al., 2009; Geller, 1985). A search of literature, specifically for CSFs in a hospitality context, revealed that there are few studies directly concerned with these finding. One of the most comprehensive studies was that of Brotherton and Shaw (1996) who identified 60 CSFs for hotels. Although a number were found not to be statistically significant, the remaining CSFs have been tested and verified on budget and corporate hotels in the UK. Furthermore, Hua et al. (2009) adopted Brothertons' (2004a) list of CSFs in their study on Chinese budget hotels again validating these. Amongst these were factors such as hygiene and cleanliness as tangible aspects or consistent service standards as intangible aspects of the hotel experience as stated by Ramanathan and Ramanathan (2011). As stated above, the tangible and intangible aspects of hospitality operations are resources which can be reconfigured to achieve better performance (Hassanien et al., 2010). Therefore, some of these tangible or intangible resources are also CSFs which can be strategic or unique resources. This fits with the concept of CSFs where resources could be linked to company specific or industry CSFs.

By using the hotel industry as an example of how CSFs can be used to correctly identify the particularities that affect the success of hotels, it allows for these factors to be used to populate a framework for strategy creation. Therefore, by reviewing the prevailing concepts of strategy and how these evolved in chapter two, the concept of CSFs in chapter three and the context in which the study is being carried out it enables the author to gain an understanding of these three aspects and how they interact. As Olsen and Roper (1998) stated, the interdisciplinary approach of strategic management allows researchers in hospitality to contribute more universally, enabling frameworks and findings to be applied to other industries.

5.7 Summary

This chapter aimed at putting the study in the context in which it is being carried out as well as provide an overview of the tourism industry in general and specifically to the UK. Furthermore, the hospitality sector of the tourism industry is summarised in order to gain an understanding of its importance within the UK economy and the difficulties it faces. It was found that although, the hospitality industry has suffered over the past few years, it seems that it is back on track to reasonable growth. A difficulty is the identification of the exact size of the hospitality industry in terms of hotels and chains of hotels which makes it difficult to derive a sample size for this study. The budget sector in particular is well documented as it has been considered the success story of the UK hotel segment, but reliable figures for the mid- and four and five star segments are scarce. As is clear from the last section, there is significant potential for the application of the CSFs concept in the hospitality industry as the particular features such as tangibility and intangibility lend themselves to application to sources of CSFs such as managerial position or industry specific CSFs. In addition, the reconfiguration of resources, identification of CSFs which in turn aim at the factors that make businesses successful are deeply rooted within the process of strategy formulation and implementation. Therefore, the hotel industry lends itself as a medium for the creation of a framework identifying and testing the CSFs concept that is present in the hotel industry at several stages of service levels.

CHAPTER 6: METHODOLOGY

6.1 Introduction

This chapter will focus on the chosen methodology for the primary data collection of this study. According to Saunders et al. (2007, p. 602) methodology "is the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted". Alaasutari et al. (2008, p.1) furthermore suggested that methodology "constitutes a whole range of strategies and procedures" with the aim of developing a research concept and the purpose of exploring it through collecting empirical data. Therefore, the focus of this chapter will firstly be to explain the research aims as well as research philosophy, approach and strategy adopted in order to address and answer the research aims of this study. Then, the primary research is discussed and justified by identifying the different stages of research design, population and sample size, time horizon, data collection and analysis as well as the reliability and validity of the chosen methodology.

6.2 Review of Research Aims

Overall, this PhD thesis has five aims. In order to achieve these aims, the research has to follow a rigorous methodology. Therefore, this methodology chapter highlights methods employed in order to achieve each aim of the thesis.

The first aim is to evaluate the literature on CSFs in the context of business strategy, the BSC approach and UK four and five star hotels. This aim was achieved by reviewing secondary literature on business strategy (Chapter 2), critical success factors (Chapter 3), the balanced scorecard approach (Chapter 4) and the UK four and five star hotel industry (Chapter 5). The review of the literature provided a foundation for the primary data design and collection. The second aim of this thesis is to ascertain hotel managers' perception of strategic and operational CSFs in UK four and five star hotels. Based on secondary literature, questionnaires are developed and tested in order to receive an update of today's relevant CSFs based on hotels' general managers. Afterwards, a list of all

CSFs is produced based on the update from the previous data collection round as well as the literature review. To reduce the list to a manageable number of factors, three Delphi rounds are then conducted to achieve aim 2. The two data collection stages for the achievement of aim 2 are discussed in section 6.5 and 6.6. The third aim of the research is to empirically measure the most important CSFs for UK four and five star hotels. In order to achieve this aim, a large scale questionnaire is conducted which aims to rank the list of CSFs based on their importance for hotel success. This step is discussed in section 6.7. The fourth aim of this PhD thesis consists of the development of a business framework which adds to the pool of knowledge and constitutes the contribution to knowledge. The aim was formulated to develop a framework for business strategy incorporating CSFs and the BSC approach for UK four and five star hotels. Finally, the fifth aim, to embed this thesis in the wider management and strategy literature, was achieved through a combination of the above aims, but specifically through the literature review and the discussion of the proposed framework and results.

Based on all the steps discussed above, the literature review as well as data collection stages one to three, the business framework will be developed for the UK four and five star hotel industry.

The next sections will discuss the research philosophy, approach and strategy and overall process in order to achieve all aims of this thesis.

6.3 Research Philosophy, Approach and Strategy

The aim of this section is to discuss and justify the research philosophy, approach and strategy of the current research. The different forms of research philosophies, the inductive and deductive research approaches as well as the research strategies will be discussed in order to identify the most appropriate research methodology to answer the research aims.

6.3.1 Research Philosophy

When considering philosophy, researchers have to differentiate between ontology and epistemology. According to Easterby-Smith et al. (2012, p. 17), "ontology is about the nature of reality and existence" whereas epistemology concerns the "best ways of enquiring into the nature of the world". Table 6.1 provides the four

ontologies of realism, internal realism, relativism and nominalism. Saunders et al. (2009) on the other hand differentiated between the ontologies of objectivism and subjectivism and considered realism to be an epistemology. This shows that research philosophy is a highly disputed area with various researchers and philosophers having different opinions regarding the applicability.

Table 6.1: Research Ontologies

Ontology	Realism	Internal Realism	Relativism	Nominalism
Truth	Single truth	Truth exists, but is obscure	There are many truths	There is no truth
Facts	Facts exist and can be revealed	Facts are concrete, but cannot be accessed directly	Facts depend on viewpoint of observer	Facts are all human creation

Source: Easterby-Smith et al. (2012, p. 19)

According to Saunders et al. (2009), the choice of research philosophy has a significant impact on the way a research study has to be conducted by delivering important assumptions on how the researcher views the world, either deciding to be objective or subjectively involved. Saunders et al. (2009) argued that there are four different philosophies namely positivism, realism, interpretivism and pragmatism. Maylor and Blackmon (2005), on the other hand, differentiated between the philosophy of science and the philosophy of social science. Maylor and Blackmon (2005) identified that positivism and interpretivism are the most common philosophies within business research and placed positivism within the philosophy of science and interpretivism within the philosophy of social science. Positivistic researchers aim to test theory through large sample sizes while remaining objective in their research approach. Interpretivistic researchers, on the other hand, take an active part in the research process by attaching meanings to events through an active engagement with participants (Saunders et al., 2009).

According to Sale et al. (2002) and Alasuutari et al. (2008), quantitative research is usually associated with the positivistic philosophy being able to reduce phenomena to empirical indicators whereas qualitative research usually fits the interpretivistic philosophy with a focus on meanings. As identified above, the positivistic philosophy requires large sample sizes in order to ensure that samples can be generalised and are representative. Interpretivism, however, requires in-

depth analysis and observation of small samples (Saunders et al., 2009, Maylor and Blackmon, 2005). According to Kolakowski (1993), the positivistic philosophy is related to a reflection of theories. This was supported by Easterby-Smith et al. (2012) who revealed that positivism is highly related to survey methodologies who try to confirm or discount previous theories. The primarily quantitative approach of this study (aiming to identify CSFs through questionnaires), lends itself to the application of positivism as the most appropriate philosophy to conduct the research. Although, a small number of qualitative questionnaires were used which, as identified above, often fall into the philosophy of interpretivism, this study will overall employ a positivistic approach. This is clarified by Sale et al. (2002) who identified that a researcher cannot employ both positivism and interpretivism philosophies within research. This belief was strongly embraced by Kuhn (1970), who argued that philosophies represent paradigms in the conduct of science and replace each other, as sets of beliefs and methods of how to carry out research change. Therefore, in Kuhn's (1970) view their fundamental beliefs cannot be reconciled, denying the legitimacy of research projects that seek to combine qualitative and quantitative research methods. On the other hand, Sale et al. (2002) and Saunders et al. (2009) suggested that qualitative interviews can be part of a positivistic philosophy if the researcher aims to gather additional data in a value free manner. As a result, positivism was identified to be most suitable for conducting this research. Aiken (1956) even argued that positivism should be considered the best philosophy when researching human behaviour. In addition, Easterby-Smith et al. (2012) concluded that philosophers usually argue about the appropriateness of philosophies. While some argue social science research is strictly interpretivistic, others consider it to be positivistic such as Aiken (1956). According to Seale (1999), positivism requires the separation of theories from facts that can be identified so that the theories can be tested in an environment which is determined by those factors. The positivistic scientific researcher is required to evaluate and analyse the data according to a set of rules, to use a deductive approach having identified a theory prior to the research process as well as analyse primary data in a value-free manner (Sarantakos, 1998).

As the current research analyses data using strict procedures in a value-free form, having a deductive approach as well as a theory from previous research, positivism is considered to be the most applicable and suitable philosophy. As part of the discussion of interpretivism and positivism not being reconcilable, as well as the increasing use of mixed method approaches, the philosophy of pragmatism arose. The discussion of whether philosophies can be used alongside each other, stems from the view that the rich data and interpretation from interpretivistic approaches could not in any case be adapted for use in otherwise positivistic studies. Due to the limited use of interpretation of the qualitative data and the primarily quantitative data analysis methods used, in fact the almost value-free adoption of responses as additional CSFs to be tested, the use of these qualitative data collection methods considered interpretivistic in nature do not interfere with the beliefs of the positivistic view. If, however, it is argued that to some extent pragmatism is used, and this is the case when the belief that positivism and interpretivism cannot be reconciled is adopted, this philosophical view has gained a lot of support in recent years (Migiro and Magangi, 2011).

6.3.2 Research Approach

According to Saunders et al. (2009), there are three different research approaches namely deductive, inductive and a mix of inductive and deductive. As revealed by Sekaran and Bougie (2010, p. 437), within deductive reasoning researchers apply a "general theory to a specific case" by having reviewed previous literature. On the other hand, the inductive reasoning theory is developed as a result of the primary data collection. Similar to the research philosophies, deductive reasoning requires the researcher to be objective while induction refers to be more actively engaged within the research process (Gray, 2009).

According to Bordens and Abbott (2008), the deductive approach requires the development of hypotheses based on ideas developed during the literature review. Sekaran and Bougie (2010) emphasised the fact that inductive reasoning works in the opposite way, that specific phenomena are analysed and the researcher comes to a conclusion. According to Gray (2009), the inductive approach takes little note of existing theories but aims to identify relationships from the data collected. The deductive approach on the other hand takes existing theories and aims to test these

through a primary data collection. However, research shows that theory building (induction) and theory testing (deduction) are both part of a large research project hence the idea of mixed methods research approaches emerged (Sekaran and Bougie, 2010).

This research study will employ a mixed method approach, combining the deductive and inductive reasoning which is a common approach to research according to Sale et al. (2002) and Saunders et al. (2009). The study can be considered deductive as the starting list of CSFs are taken from previous secondary literature reviewed within Chapter 3. Furthermore, the literature informed the different approaches to strategy and how these can be applied to strategic frameworks. In addition, this research employs inductive reasoning as further CSFs are being identified through the primary data collection. However, overall primary and secondary data is used to create a framework for strategy creation, formulation and implementation, so the mixed method approach is considered most appropriate within this PhD research study.

6.3.3 Research Strategy

Saunders et al. (2009, p. 141) once more stressed the need for a clear research strategy as the research strategy dictates the manner in which a researcher conducts the research project. Different authors differentiated between various research strategies one can employ. Saunders et al. (2009) presented a list of seven strategies:

- "experiment;
- survey;
- case study;
- action research;
- grounded theory;
- ethnography and;
- archival research".

Holden and Lynch (2004) developed a summary of strategies which is presented in Table 6.2, whereby they identified whether strategies either fall into objective

positivistic research or subjective interpretivistic research. Further, they revealed that certain strategies are strictly positivist but with room for interpretation.

Table 6.2: Research Strategies

Research Strategies	Objectivism	Subjectivism
Action Research	-	Strictly interpretivistic
Case Studies	Have scope to be either	Have scope to be either
Ethnography	-	Strictly interpretivistic
Field Experiments	Have scope to be either	Have scope to be either
Focus Groups	-	Mostly interpretivistic
Forecasting Research	Strictly positivistic with some room for interpretation	-
Futures Research	Have scope to be either	Have scope to be either
Game or role playing	-	Strictly interpretivistic
In-depth surveys	-	Mostly interpretivistic
Laboratory experiments	Strictly positivistic with some room for interpretation	-
Large-scale surveys	*Strictly positivistic with some room for interpretation*	-
Participant-observer	-	Strictly interpretivistic
Scenario research	-	Mostly interpretivistic
Simulation and stochastic modelling	Strictly positivistic with some room for interpretation	-

Source: Holden and Lynch, 2004, p. 401

The research strategy employed within this research study will be the survey strategy which is usually associated with the deductive reasoning according to Easterby-Smith et al. (2012). It includes the use of questionnaires, structured observation as well as structured interviews. However, it was revealed that associating a strategy with a single approach is too simplistic hence, the survey strategy can be employed using a mixed method approach of qualitative and quantitative questionnaires. This was supported by Holden and Lynch (2004) who identified that the strategy of using large-scale surveys is part of a strictly positivistic paradigm but yet gives the researcher some room for interpretation. As this approach is taken within the current research project, the survey strategy is considered highly appropriate to conduct this PhD research.

According to Sapsford (2007), the survey strategy usually requires a higher degree of planning compared to other strategies as it intends to collect data from a larger sample thus, potential mistakes in the instrument design can be costly and time consuming. Therefore, Saunders et al. (2009) suggested the use of pilot tests

within the survey strategy in order to ensure the validity of the questionnaire designs. In addition, Easterby-Smith et al. (2012) revealed that the survey strategy mostly involves the measurement of a large number of factors within a theory thus they recommended the use of a cross-sectional approach in order to be able to use a large number of participants to be able to generalise the findings and thoroughly identify existing relationships.

There are three different forms of survey strategy namely, factual surveys, inferential surveys and exploratory surveys (Easterby-Smith et al., 2012). The current research employs a mix of two named survey strategies. The first questionnaires aiming to identify new CSFs used an exploratory survey strategy while the Delphi and large-scale questionnaire employed the factual survey strategy aiming to receive factual data on what hotel experts and managers believe to be critical for their hotel's success. Inferential surveys on the contrary are more concerned with hypothesis testing, measuring the effect of independent variables on dependent variables through a set of measurement items within the questionnaire (Easterby-Smith et al., 2012). As the current research does not analyse the data using structural equation modelling which is the analysis technique of inferential surveys, the survey strategy for this study will be a mix of using exploratory surveys for the first step of data collection and factual surveys for the second and third step of data collection. The exact research design and the three steps of data collection will be discussed in the next section.

6.4 Research Design

This section focuses on the research design of the primary data collection techniques. According to Saunders et al. (2009), the research design should be regarded as the general plan or outline of how the primary data collection is conducted. In the case of the current research, the author went through a number of stages in order to identify new CSFs, reduce the number of existing CSFs from secondary literature and new CSFs from stage one to form a comprehensive and up-to-date list of possible CSFs to be evaluated further at the third stage, a large scale questionnaire filled in by general managers of 4 and 5 star UK hotels. As this study aims to provide a CSFs framework for UK four and five star hotels, four and five star hotels were used as numerous researchers have used this subset

to define the luxury segment (Brenner, 2005; Clancy, 2001; Davidson et al., 2010; Gilbert and Horsnell, 1998; Israeli et al., 2011; Knox and Walsh, 2005; Nebel et al., 1994; Timo and Davidson, 2005).

To provide an overview, the primary data collection will be conducted in three main stages:

Stage 1- Small-scale qualitative questionnaires
- Questionnaires with hotel general managers to identify new CSFs

Stage 2 – Delphi questionnaire
- Reduction of existing and newly identified CSFs through Delphi method and inter judge panel scoring

Stage 3 – Primary Data collection - questionnaire
- Pilot test questionnaires to ensure reliability and validity as well as ensuring overall applicability.
- Larger scale delivery of questionnaires to hotel owners and general managers.

Figure 6.1 presents the research design. The next sections will take a closer look at the different stages of primary data collection by presenting the instrument designs, population and sample size and data collection method as well as the data analysis technique.
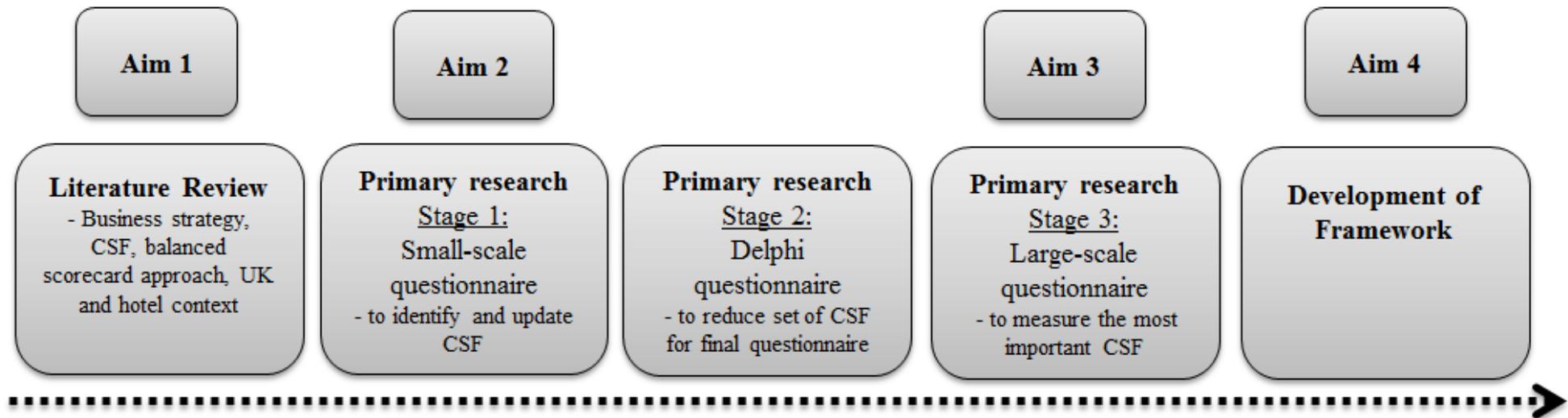
Figure 6.1: Research Design

6.5 Stage 1: Qualitative Questionnaires

The importance of "updating" the list of CSFs obtained from the literature review comes from the fact that all literature used somewhat dated sets of CSFs, with the more recent studies utilising sets of CSFs from previous work. This became even more apparent from a simple review of the list (see table 3.3) which showed the complete lack of technology-enabled CSFs as well as a lack of strategic factors. In order to update the literature search of CSFs in the hotel industry, a qualitative questionnaire was carried out with the aim of identifying new CSFs not previously identified in the literature. Due to the importance of identifying only the most relevant CSFs and the strategic nature of the process, only owners and managers of four and five star UK hotels were contacted and asked to participate for this stage of the data collection. During the administration of the questionnaires, contact was established with the headquarters of a large multinational chain of hotels in the UK, which agreed to participate on behalf of their hotels.

In order to ensure that the respondents had the same understanding of the concept of CSFs and what was required of them, an introductory paragraph was provided explaining the definition of CSFs, the two parts of the questionnaire and the segmentation into operational departments (see Appendix A). In addition, respondents were assured anonymity to encourage honesty in their responses. The design of the questionnaire was chosen for a specific reason. As discussed in the chapter about CSFs, the approach is relatively complex and conceptual in nature. In order to ensure that respondents were not "lost" when trying to identify new CSFs and to aid a systematic and structured approach to identifying areas of CSFs, a department level separation of areas was used, derived from Brotherton's (2004b) and Brotherton and Shaw's (1996) earlier studies. Furthermore, a number of questions were added for the purpose of descriptive statistics of the data set and for the possible identification of differences in the responses of four and five star hotels. The exact questionnaire design is presented in Appendix A.

As part of the design of this questionnaire, a limited small-scale pilot test was carried out to ensure that the explanation, questions and instructions were formulated in an understandable format. The pilot was conducted with two employees working at the headquarters of a large multinational hotel company in

the UK and two general managers of a four and five star hotel. The decision to conduct this as a questionnaire instead of an interview was primarily because of the recommendation that more time was needed to think about each area of operation and the corresponding CSFs. The most significant change to the original set of questions was the separation of the section Front Office into two, namely Front Office and Reservation/Revenue & Yield (R&Y). One further area that was discussed in more detail over the phone was that of the back of house. Although correctly defined as back of house the respondent argued that the housekeeping department was too important a department to be mixed in with the rest of back of house operations. Nevertheless, as this was only one opinion, the questionnaire with hotel managers aimed to identify whether this is a general opinion and manager developed further specific housekeeping CSFs within the back of house department or whether it was generally accepted to leave the grouping of the department as it is. Another suggestion made by the manager was that the CSFs of "Operating Appropriate Training Programmes" within Guests Accommodation would also better be grouped within the Housekeeping Department.

6.5.1 Sample Size, Data Collection and Analysis

The defined population for the sample selection has been taken from the AA Hotel guide 2010. Overall, according to the "AA Hotel Guide 2010" there were 84 five star hotels and 648 four star hotels listed in the UK, resulting in a total population of 732 hotels which qualified as the population for this study. As mentioned in section 6.4 above, only senior management and General Managers/Owners were used for this questionnaire. Table 6.3 provides an overview of all participants of the first stage of data collection. All participants in the questionnaire (except number four) have been general managers of UK four and five star hotels. Number four was the manager of hotel development at the headquarters of a major international chain in London.

Table 6.3: Sample

#	Rooms	Employees	Stars	Location
1	51-70	91 – 110	4	Major City
2	71-90	51-70	4	Provincial Town
3	More than 131	More than 131	5	Major City
4	Headquarter	More than 131	4 & 5	Major City
5	71-90	71-90	4	Major City
6	91 - 110	71-90	4	Inland Rural
7	More than 131	111-130	4	Airport
8	31 - 50	11 – 30	4	Inland Rural
9	More than 131	More than 131	5	Major City
10	More than 131	More than 131	5	Major City
11	91-110	71-90	5	Inland Rural
12	51-70	11 – 30	4	Inland Rural
13	31-50	71-90	4	Coastal Resort
14	More than 131	More than 131	5	Major City
15	31-50	71-90	4	Coastal Resort
16	91-110	71-90	4	Inland Rural
17	31-50	71-90	4	Coastal Resort
18	More than 131	111-130	5	Major City
19	31-50	51-70	5	Coastal Resort
20	More than 131	More than 131	4	Provincial Town
21	More than 131	More than 131	5	Major City
22	91-110	31-50	4	Major City
23	More than 131	More than 131	5	Major City
24	More than 131	More than 131	5	Major City
25	More than 131	More than 131	4	Coastal Resort
26	More than 131	More than 131	4	Major City
27	51 - 70	31 – 50	4	Airport
28	111 - 130	91 – 110	5	Major City
29	More than 131	More than 131	5	Major City
30	More than 131	More than 131	5	Major City
31	71-90	51-70	4	Inland Rural
32	More than 131	More than 131	5	Major City
33	More than 131	More than 131	5	Major City

The questionnaires were conducted online whereby 4 and 5 star hotel general managers were contacted via e-mail with the attached link to the questionnaire. The questionnaires were completed between the period of March 26 and April 16 2012. The average survey length was 10.21 minutes whereby the participant with the shortest time only took 4.01 minutes to finish the questionnaire and the participants taking the longest time needed 28.48 minutes. This however is considered an "outlier" in terms of survey time and might be the result of other activities being conducted while the questionnaire was open. The majority of questionnaires took between seven and thirteen minutes. In total 72 hotel managers were asked to participate out of whom, 50 managers opened the

questionnaire and 33 managers actually completed the questionnaire as can be identified in Table 6.3.

The first stage of data collection, the qualitative questionnaires, were analysed with the help of tables presenting the percentage of general managers that agree with the existing CSFs provided by Brotherton and Shaw (1996) as well as those CSFs that emerged through the data collection as new CSFs. In addition, the author aimed to identify whether there are differences among four and five star hotels in terms of which existing CSFs were perceived to be critical and the new identified CSFs. All questionnaires were solely analysed using percentage values and the number of responses per CSFs as it was considered the most suitable mean to demonstrate the importance of existing CSFs and those of new ones mentioned by general managers.

6.6 Stage 2: Delphi Technique

The second stage of data collection aimed to reduce the number of CSFs that were gathered during the secondary data collection and the first stage of primary data collection. In order to do this, the Delphi technique was employed. According to Rowe, Wright and Bolger (1991, p. 236) one of the major criteria of the Delphi technique is that "new influencing factors are expected that are not incorporated in the past data" hence, available data from previous literature is not considered to be solely appropriate. The first step of data collection was already undertaken by updating existing CSFs from literature through the addition of the new identified ones. The next step of "the smaller" Delphi group aimed to identify which of the existing CSFs (identified by literature review) and new CSFs (identified through stage 1 of data collection) are most relevant to overall hotel success. As stated by Okoli and Pawlowski (2004), researchers often make use of Delphi groups in order to receive a detailed analysis of a problem. Particularly the "ranking-type" Delphi is a research approach that has received high attention in the past years aiming to achieve a "group consensus about the relative importance of issues" (Okoli and Pawlowski, 2004, p. 16). The main difference of a traditional questionnaire within Delphi questionnaires is that participants are not anonymous as the researcher directly selects participants. In addition, the nature of the Delphi

technique requires the researcher to be able to identify which answers were given by which participant in order to discuss certain issues later on.

The Delphi technique used within the current research cannot be considered a traditional method employing four rounds of data collection from participants. Instead, more recent literature acknowledged that two rounds are preferred due to time constraints (Hasson, Keeney and McKenna, 2000). The Delphi technique employed in this study used three rounds of expert questionnaires. The questionnaire for the Delphi group was designed by firstly providing a definition of what the CSFs approach incorporates, followed by a list of all CSFs that were identified within the literature review in section 3.5 as well as those newly identified CSFs from the first stage of data collection. Due to some CSFs being mentioned several times in different studies with slightly different wording (e.g. CRM / good relationship with customers) the author combined these in the final list. The participants were then asked to rate the final set of factors on a 5 point Likert Scale with 1 representing non-important and 5 representing highly important as can be found in Appendix B.

6.6.1 Participants, Data Collection and Analysis

Research revealed that the most important part of studies using Delphi techniques is the selection of participants as they need to have extensive knowledge of the field of study which therefore often led to the term of "expert panel" being used (Gordon, n.d.; Hasson, Keeney and McKenna, 2000). According to Gordon (n.d.), the Delphi technique requires a minimum of 15 participants in order to deliver reliable results. However, according to Lawshe (1975) as few as six experts within a Delphi study can be sufficient to achieve content validity as a lower content validity ratio can be applied within this case. Within the context of this current research, general managers, similar to the first stage of data collection, are considered to be the experts in the field of CSFs as they are the ones that have to deal with the strategic decisions within daily hotel operations. In addition, managers within hotel headquarters can be considered experts in the field of CSFs with an emphasis on longer term strategic thinking.

Finally, international experts from academia were contacted to take part in the Delphi rounds to provide a perspective from an external yet knowledgeable source. In addition, the inclusion of experts from hotel management schools, universities and tourism faculties provided this study not only with a snapshot of current best practice, but also with future oriented management techniques and strategic thinking. Particularly in light of the importance of strategic and long term CSFs the inclusion of external expects was deemed important. This approach has been utilised by Hua et al. (2009) who found that it provided a valuable source of input. Another factor that led to the utilisation of these groups of experts, is the fact that hotel managers are primarily concerned with the operational aspects of the business, while the other two should be better able to view the hotel CSFs in the light of business strategy and current trends and developments. Therefore, these three groups have been considered as participants for the "expert" groups in order to reduce the number of CSFs factors that are crucial for hotel success.

Participants were contacted by telephone or e-mail and asked to participate as experts in three rounds of the research. The data was collected from July 2012 to April 2013. In total about 30 hotel managers in addition to 20 experts from headquarters and academia were approached and asked to participate within the research study. However, only fifteen managers and experts returned the questionnaire. The researcher tried to contact those who did not respond and followed up with the respondents a number of times without success to receive more answers. Although, most people justified their inability to fill in the questionnaire with high workloads and busy schedules, some suggested that it was simply too long for them to fill it in. Although the researcher expected some difficulties with the length of the questionnaire, the lack of responses was unsatisfactory. As a result, the researcher believes that primarily due to the length of the questionnaire, which required a considerable amount of time to evaluate and form an opinion about success factors, the sample size remained at 15 participants for the first round of expert panel including 10 general UK hotel managers and 5 hotel experts. Table 6.4 and 6.5 present the profiles of participants of the expert groups. Table 6.4 gives an overview of general managers that participated within the Delphi study by providing the location, star rating and target market of the hotel.

Table 6.4: Participants Profile – General Manager

Code	Location (UK)	Stars	Target market
GM1	Inland rural	4	Leisure
GM2	Major City	5	Business
GM3	Coastal Resort	5	Leisure
GM4	Major City	4	Business, Leisure, Groups
GM5	Major City	5	Business, Leisure
GM6	Rural	4	Business, Conference, Events
GM7	Rural	5	Leisure
GM8	Major City	4	Business
GM9	County Market Town	4	Business & Conference, Leisure, Weddings and Events
GM10	Major City	4	Corporate, Leisure, Families, Conference, Events

Table 6.5 provides an overview of the hotel experts that participated in this second stage of research by revealing their location, position as well as number of years of experience within the hospitality industry.

Table 6.5: Participants Profile – Hotel Experts

Code	Location	Position	Experience in Hotel Industry
HE1	Switzerland	Leadership Programme Director International Hospitality Education	7 years
HE2	UK	Manager International Hotel Development Planning/ Operational Analysis / Feasibility/ Pro forma	4 years
HE3	UK	Director of Hospitality Consultancy	18 years
HE4	Switzerland	Hotel Consultant	4 years
HE5	USA	Associate Professor at University of Las Vegas specialised in foodservice, hospitality marketing, customer & employee satisfaction, leadership & loyalty	5 years

Round two began immediately afterwards on October 15, 2012. All respondents from the first round were contacted and asked to fill in the second part of the questionnaire. In an attempt to speed things up, a deadline was set for all respondents to return the questionnaire by the end of October. The last questionnaires were returned on February 20, 2013 after a number of follow-up calls and e-mails to participants.

In order to further strengthen the result of the previous two Delphi rounds, a third round was started immediately after completing the second one. On February 21,

2013 a questionnaire with the remaining factors was sent to the participants for another ranking. This final round was completed on April 29, 2013.

As part of the analysis of the expert Delphi groups, the coefficient of variation and content validity ratio were used. These two methods are suggested by Lawshe (1975) and Dajani et al. (1979) in order to use a quantitative analysis method for content validity. Dajani et al. (1979) further elaborated, that if answers of respondents are situated within a specific range of all answers, reliability is achieved. More specifically, a coefficient of variation that lies below 0.5 represents a good degree of consensus. A coefficient between 0.5 and 0.8 is a sign of weaker consensus and anything from 0.8 to 1.0 should be interpreted as little or no consensus.

One of the advantages over other measures of dispersion, such as relative standard deviation, is that the coefficient of variation is a dimensionless number, in the sense that it is independent of the unit in which the measurement is taken. In contrast, the relative standard deviation must always be taken in the context of the mean of the data. On the contrary, the coefficient of variation does not allow for the construction of confidence intervals for the mean.

6.7 Stage 3 – Large-scale Questionnaire

The third and final stage of the data collection consisted of a large-scale questionnaire which incorporated the reduced and final list of CSFs to be ranked by 4 and 5 star hotel managers within the UK. This section will focus on the questionnaire design, the population and sample size as well as the data analysis techniques.

6.7.1 Instrument Design

The questionnaire was designed to combine all CSFs found in the literature into one document. It took into account previous studies which used the term KPIs, as often they are not correctly separated. In addition, possible CSFs identified through the "update" were added to the list. After including all CSFs from the previous stage through the Delphi expert groups, the author created a questionnaire utilising the remaining CSFs which were considered relevant to this

research by the experts. These CSFs were arranged in a random order to prevent any possible bias. In addition, the questionnaire contained a number of questions designed to capture sample characteristics and a few intending to measure the success of the hotel. The questions designed to capture sample characteristics were adapted from two previous CSFs studies namely Avcikurt and Altay (2011) and Kilic and Okumus (2005). The questions seeking to determine hotel success were adapted from previous research analysing organisational performance and success by Styles (1998).

As initially discussed in a broader sense in the literature review (section 3.2), success definition, measurement and quantification can be a difficult undertaking especially in research for a number of reasons; the following section addresses these issues.

6.7.1.1 Measurement of Success for this Study

As outlined in the CSFs chapter in part 3.2, the definition of success varies from person to person and situation to situation. There are measures commonly accepted for certain criteria such as share prices for publicly listed companies or return on investment for other business activities. One advantage of such broadly recognised measures for evaluation of business performance is that it is relatively easy to compare one against the other. There are other problems such as differences in accounting standards which lead to different figures for each business, but on the spectrum of measurable factors they are relatively coherent and numerical in nature allowing for easier comparison and reproducibility, compared to subjective factors. One of the major issues for researchers wanting to utilise these measures for success is access to them. As Steinhoff (2010) pointed out, especially in privately owned firms it is the owner who keeps all of the data and financial figures and access is difficult. Even in larger companies full access may still prove difficult, beyond publically available data, due to competitive concerns or trade secrets (Schmelter, 2009).

In the context of this study, where hotels are used as the form of business entities being investigated, particular measurements are used specifically applicable to the

hotel industry such as RevPAR or Average Daily Rate/Average Room Rate (ADR/ARR). These are even more difficult to get as they are normally not disclosed for private firms and also only made available in adjusted form for annual reports of larger companies. Further to that, although they are frequently used for internal monitoring and evaluation of properties, these measurements may be inappropriate for the determination of success.

An alternative to the use of specific numeric or accounting measurements for success has been the use of subjective success in many research articles (Arendt and Brettel, 2010, Ryu; Wall et al., 2004; Schmelter, 2009; Steinhoff, 2010). The use of subjective measures to evaluate success has been open to some debate however, as Andrews et al. (2006) found when evaluating four performance indicators through the use of subjective survey items. When comparing the results to objective data they found insignificant and low correlation between subjective and objective results (Andrews et al., 2006).

A further case study in which the results of subjective and objective measures of success were not similar was that of Meier and O'Toole (2001) who assessed success in the Texas education system. Specifically, they found that there was no significant correlation between the objective and subjective measures of success, as well as a possible bias of managerial self-assessment on organisational performance. However there are a few caveats that need to be considered. Particular within the education context, Meier and O'Toole (2001) found that perceived success from stakeholders does prove to be valuable input, hence confirming that some form of perceived success measures are meaningful. In addition, they acknowledge that organisational performance is very complex and no perfect measures for performance exist; even for objective approaches. In contrast to the view that subjective measures of success are not valuable, Schmelter (2009) and Wall (2004) argued they should be regarded as equivalent in determining success as they showed that "subjective and objective measures […] were positively associated (convergent validity)" in determining company performance (Wall et al., 2004, p. 95). Specifically, Wall et al. (2004) stated that even when considering the assumption that subjective and objective measures are

equal, subjective measures tend to incorporate overall performance rather than just a snapshot of specific, often financial indicators for success.

In relation to the nature of this study, the difficulty in not only defining accurate and acceptable objective measures for hotel performance or organisational performance in general, but also the likelihood of not being able to access those measures, strengthens the support for using subjective measures. In addition, the use of the BSC approach as a construct to embed the CSFs theory for strategy formulation and implementation within UK four and five star hotels, further lends itself to the use of subjective measures as it is the essence of what differentiated the BSC approach from previous purely objective/financial approaches.

6.7.2 Sample Size and Data Collection

As already identified above in section 6.4.1, the defined population for the sample selection has been taken from the AA Hotel guide 2010. Again, exclusively four and five star hotels were chosen to be contacted on a random basis. Even though a number of hotels had been contacted before to participate in the expert panel questionnaire, they were not excluded from the selection of properties if they did not actually participate in any of the Delphi rounds. The population was four and five star hotel owners and general managers. Using this population in order to identify CSFs within four and five star luxury hotels in this study is similar in population definition and selection to work carried out by Kilic and Okumus (2005) with the exception that mid-level managers were excluded. The data collection process started on June 19, 2013 and finished on September 17, 2013. In total, about 300 managers from 4 and 5 star hotels were contacted from the AA Hotel Guide 2010 via telephone until September 9, 2013. However, the majority of managers were not interested or too busy to agree to participate in this research. Those managers who agreed to participate were sent an e-mail with a description of the research project, an assurance of confidentiality and anonymous handling of responses as well as the link to the online questionnaire on instant.ly. All e-mails were personally addressed and rewritten to fit the hotel in order to increase the response rate. Nevertheless, out of 180 e-mails sent, only 23 managers answered the questionnaire. Due to time constraints, the researcher therefore decided to change the approach of gathering data by using paper based questionnaires.

The researcher personally then went to hotels in different UK locations including rural, coastal resort and major cities. On the 10th and 11th of September 2013, the researcher gathered 25 responses from 4 and 5 star properties within the Lake District area. The approached hotels were listed in the AA guide, and out of 47 hotels, 25 agreed to participate. On September 12, the researcher approached 4 and 5 star AA Guide listed hotels in Manchester and furthermore gathered four responses. From the 15th until the 17th of September 2013, the researcher approached more hotels in Swansea and the coastal areas of Wales and received a total of nine complete data sets within these three days. In total, this PhD research gathered 61 responses and in light of the number of responses by previous researchers, the sample size of 61 is considered sufficient (Dexter, 2010; Getz et al., 2007; Ravesteyn and Batenburg, 2010).

6.7.3 Data Analysis

As presented in Table 6.6, the majority of CSFs research employed the data analysis technique of exploratory factor analysis (e.g. Chang et al., 2009; Ravesteyn and Batenburg, 2010; Avcikurt et al., 2011) in order to identify which factors of a large amount of CSFs should be grouped together in order to derive a significantly smaller number of dimensions (Tabachnik and Fidell, 2007).

Table 6.6: Previous CSFs Analysis Techniques

Analysis Techniques	Research
Exploratory Factor Analysis (EFA)/ Principal Component Analysis (PCA)	(Avcikurt et al., 2011; Chang et al., 2009; Chow and Cao, 2007; Hua et al., 2009; Lao et al., 2000; Lee et al., 2009; Lin et al., 2004; Pansiri and Temtime, 2010; Ravesteyn and Batenburg, 2010; Volery and Lord, 2011)
Fuzzy Delphi Method	(Lee et al., 2011)
Friedman Test	(Meibodi and Monavvarian, 2010)
Structural Equation Modelling (SEM)	(Habidin and Yusof, 2013)
Analytical Hierarchy Process (AHP)	(Bhuasiri et al., 2012; Chin et al., 1999; Chua et al., 1999; Garg et al., 2012; Hsieh et al., 2007, Lam and Chin, 2005; Lin and Fu, 2012; Salmeron and Herrero, 2005; Sambasivan, 2008)

6.7.3.1 Exploratory Factor Analysis

Principal component analysis (generally referred to as exploratory factor analysis) is a technique for researchers to identify within a single set of variables which variables form a subset based on correlations between them. According to these subsets, theory can be built (Bordens and Abbott; 2010; Sapsford and Jupp, 2006; Tabachnik and Fidell, 2007). Ottenbacher et al. (2006, p.119) suggested the process of using exploratory factor analysis in order to "simplify the complex sets of data and define the underlying structure" to gather fewer dimensions which have to be reliable, based on Cronbach's Alpha Coefficients from a large number of factors. Sapsford and Jupp (2006, p.121) agreed on the importance of using Cronbach's Alpha Coefficients within exploratory factor analysis revealing that it is a technique "to assess the extent to which items in a scale are correlated with each other [and that] they should be highly correlated if they all measure the same thing". According to Hair et al. (2003) there are two types of factor analysis; principal component analysis (exploratory factor analysis) which is commonly used within CSFs research, and common factor analysis. While principal component analysis utilises common variance, unique variance and error variance there is only common factor analysis which utilises common variance in the set being analysed. As a result of this, factors derived through principal component analysis are regarded as much more reliable and stable than those of common factor analysis and therefore it is highly recommended to conduct principal component analyses (Hair et al., 2003). Initially, the principal component analysis is produced in an un-rotated solution. This causes the solution to produce factors which are independent of each other, hence uncorrelated, which are difficult to analyse. In order to gain another perspective on the structure, the factors are then rotated by one of two methods. These methods are either orthogonal or oblique rotation, which have different characteristics in the way they rotate the factors. However, one of the difficulties that were encountered when running the analysis of the principal component analysis with SPSS was that there is no method of assigning groups with a number of CSFs to be used for a cluster. The only option to define whether constructs are related or not is the method of rotation, which does not allow for fine grained separation between groups of CSFs but only whether all CSFs are related or not. As a result, this method of analysis was sub-optimal and resulted in findings which were not as suitable for further analysis

and framework construction as needed. However as will be explained in more detail in section 8.3, the results of the factor analysis were inconclusive as to the goal of this study. Although the principal component method within SPSS was chosen, overall the approach is still considered exploratory. As the inclusion of the BSC approach provides a relatively strong but rigid framework for the categorisation of CSFs a completely confirmatory approach was deemed more appropriate.

6.7.3.2 Confirmatory Factor analysis

As a result of the inconclusive analysis of the exploratory factor analysis, the route of a confirmatory factor analysis was chosen, utilising the partial least square analysis software "Smart PLS". In direct comparison to the above described factor analysis in SPSS, this method is firmly based in the realm of confirmatory factor analysis. It does not provide the opportunity to explore groups of factors which fit together, but enables the determination of correlation within pre-defined clusters of factors. Therefore, the CSFs were categorised into the four respective groups of the BSC approach and mapped out in Smart PLS with their corresponding data sets. Then, numerous model variations were run to determine the best fit scenario, with a special focus on internal fit within the various BSC groups.

6.8 Timeframe of Research

Research can be either cross-sectional, providing a snapshot of a phenomenon at a given point in time, or longitudinal, researching an event or phenomenon over a period of time (Hair et al., 2003). According to Easterby-Smith et al. (2002, 2012), studies which focus on large samples for data collection are predominantly undertaken cross-sectionally as respondents are surveyed at one point in time. In addition, it was revealed that positivistic research is usually undertaken cross-sectionally. Gray (2009) further revealed that the survey strategy usually follows a cross-sectional timeframe. In addition, it was identified that longitudinal studies, often as a part of an interpretivistic philosophy, require less samples and so are less generalisable than positivistic cross-sectional research studies (Easterby-Smith et al., 2002). As this study aims to collect data from a big sample, it follows

the positivistic philosophy as well as using the survey strategy, the cross-sectional time horizon is considered mostly appropriate.

6.9 Reliability and Validity

To ensure that data is telling the truth it is essential to confirm the reliability and validity of data. Reliability is concerned with the consistency of data, while validity is understood as data accuracy (Hair et al., 2003). In order to ensure the quality of the data collected, a number of measures were taken. Within quantitative data collection techniques, Saunders et al (2010) examined the importance of the robustness of the questionnaire. Therefore, for the first step a limited small-scale pilot test was carried out to ensure that the explanation, questions and instructions were formulated in an understandable format. This is particularly important as a consistent understanding of questions is essential to achieve reliable outcomes (Saunders et al., 2010). The pilot was conducted with two employees working at the headquarters of a large multinational hotel company in the UK and two general managers of a four and five star hotel. The second stage of data collection consisted of Delphi rounds which are considered a rigorous way of reducing data in a number of expert rounds. In addition, to achieve content validity, the approach by Lawshe (1975) was taken who introduced the content validity ratio. To ensure reliability, Dajani et al's (1979) coefficient of variation was applied. Finally, within the last round of data analysis, reliability and validity were ensured by following the steps of confirmatory factor analysis whereby factor loadings have to be confirmed as well as AVE scores in comparison to their inter-construct correlations checked for reliable data.

6.10 Ethical and Data Protection Issues

In order to comply with the university's ethics regulations, data protection guidelines and general research best practice, a number of steps were taken. Firstly, before any interviews, calls or participation in questionnaires, respondents were made aware of the purpose of this study, the ability to withdraw at any point in time and the security mechanisms put in place to keep their information and responses secure. Additionally, where necessary (Delphi expert group) personal information would only be kept for the purpose it was collected for and later

changed into a coding system to anonymise the data sets. Furthermore, in order to guarantee data security and safety from unauthorised third parties, all results were downloaded from the web applications to a local hard drive and encrypted using Truecrypt software. In addition, as the thesis covers critical success factors, hotel managers were worried about providing confidential information. However, the design of the research instrument, using likert-scales instead of actual figures, enabled the research to fully ensure confidentiality and the use of only soft information that measured perception on a scale.

6.11 Limitations

There are a number of limitations in the design of this study that need to be addressed independently to those that come with the selection of methods. Although they are defined and identified as limitations they were necessary in order to achieve the overall aims of this study in addition to circumnavigating the inherent problems of social science research with accessibility of data, feasibility of execution and generic constraints such as time and funding. Although, every effort has been made to update the existing literature review and incorporate new research articles the possibility exists that some relevant insights in databases and publications to which the researcher had no access through the subscriptions available at the Manchester Metropolitan University at the time of writing could have been missed. Additional resources such as inter-library loans, a small number of individually purchased articles and publically available peer reviewed articles were also used as well as books from the libraries of Manchester University, Salford University and Manchester Metropolitan University.

Furthermore, in chronological order of execution, a number of study design choices have been made that could be considered as limitations, although the author believes that they were necessary to achieve overall aims and justified in the respective sections. The original update of CSFs from literature was conducted through semi structured questionnaires with hotel managers of UK hotels. The questionnaire was split in several sections of commonly found operational departments corresponding to Brotherton and Shaws' (1996) study to aid

managers in identifying CSFs within different parts of hotel operations rather than having to focus on overall operations and missing crucial factors.

In the selection of experts for the Delphi expert rounds a number of hospitality experts and researchers were used that were not located in the UK, (the geographic target area of this study). Of 15 experts, 12 were from the UK, two experts were located in Switzerland and one from the USA. This could potentially lead to a bias in the remaining CSFs that were used to conduct the large scale questionnaire due to factors such as cultural differences and different requirements of hotels in those markets.

Finally, the large scale questionnaire employed a number of questions to classify overall success within hotels through the use of subjective success measurements. Although section 6.6.1 deals with this in some detail the author cannot, beyond justification for the use within this study, say that results were not affected compared to results obtained from studies with objective measures of success.

6.12 Summary

To summarise, this chapter provided the foundation of how the primary data was collected. The research positivistic philosophy, the deductive research approach as well as the survey design strategy which form the basis of the research design have been discussed. In addition, this chapter provided an overview of the three step research approach used in order to collect primary data. The instrument design, population and sample size, data collection technique and the method of analysis for each research step were discussed. In addition, this chapter provided an overview of the timeframe of the research and clearly showed that it is cross-sectional in nature. Finally, this chapter focused on research ethics and data protection as well as limitations of the chosen methodology.

CHAPTER 7: RESULTS OF EXPLORATORY QUESTIONNAIRES AND IDENTIFICATION OF NEW CSFs

7.1 Introduction

This chapter presents the first stage of the data collection, questioning hotel managers and hotel guests about their perception of critical success factors within UK hotels. The chapter first discusses the outcome of the pilot questionnaires with the most significant changes resulting in a separation of CSFs from only the front office category into front office and reservation/revenue and yield management. Further, this chapter will present an analysis of hotel managers' perceptions regarding existing CSFs identified by previous literature as well as new CSFs through the questionnaires. Finally, a discussion based on the similarities and perception discrepancies of CSFs between the demand and supply side is presented.

7.2 Analysis of Hotel Managers' Perception of CSFs

This section will analyse the perceptions of hotel general managers regarding the existing set of CSFs and present new CSFs that were identified as being crucial to the success of hotel operations. In total, 33 managers responded to the questionnaire. Table 7.1 provides an overview of the number of rooms, employees, star rating and location of the hotel the participating managers are employed at. In summary, 51.5% of the respondents were from 4 star hotels and 45.5% from 5 star hotels whereby the respondent from the headquarter indicated that they have four and five star properties. In terms of location, the majority, 54.5% of respondents, were from establishments located in major cities. This was followed by 18.2% of inland rural hotels, 15.1% located in coastal resorts and six percent located in provincial towns. In addition, two respondents choose the other category indicating that they were airport hotels.

Table 7.1: Sample Characteristics

Profile Category		Frequency (Valid N)	Percentage (%)
Rooms	30 or less	0	0.0
	31-50	5	15.2
	51-70	3	9.1
	71-90	3	9.1
	91-110	4	12.1
	111-130	1	3.0
	More than 131	16	48.5
	Headquarter	1	3.0
Employees	10 or less	0	0.0
	11-30	2	6.1
	31-50	2	6.1
	51-70	3	9.1
	71-90	7	21.2
	91-110	2	6.1
	111-130	2	6.1
	More than 131	15	45.5
Stars	4	17	51.5
	5	15	45.5
	Other	1	3.0
Location	Major City	18	54.5
	Provincial Town	2	6.1
	Inland Rural	6	18.2
	Airport	2	6.1
	Coastal Resort	5	15.1

7.2.1 CSFs within the F&B Production Department

Six CSFs identified from the literature were proposed asking respondents to tick those they thought were in fact critical to success. In addition, fields were provided in which additional ones could be stated. "Producing consistent quality food" has been the CSFs within the F&B production department which the majority of managers identified to be a crucial factor for success. Thirty out of 33 responses identified this factor to be crucial. The high importance of "producing consistent quality food" was confirmed by 90.9% of managers perceiving this factor to be critical to success. With a larger gap, 23 respondents (69.7%) felt the importance of "appropriate standards and procedures" followed by "high hygiene standards", "efficient purchase and supplier liaison" and "minimising food wastage" with 57.6, 51.5 and 48.5% respectively. The CSFs that was perceived to be least important from the selection provided was the using of "efficient production methods", which was only identified as critical by 10 managers. The general manager of a four star airport hotel suggested the importance of "compliance with HACCP and COSHH", which can be considered to fall within

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the CSFs of "high hygiene standards"; this strengthened the importance of this CSFs which was already identified to be crucial by 57.6% of respondents.

Table 7.2: Managers Perception about CSFs F&B Production

CSFs In the F&B Department Production	Counts	% of Respondents
Producing Consistent Quality Food	30	90.9%
Appropriate Standards and Procedures	23	69.7%
Efficient Purchase and Supplier Liaison	17	51.5%
Minimizing Food Wastage	16	48.5%
Using Efficient Production Methods	10	33.3%
High Hygiene Standards	19	57.6%
New CSFs identified by Managers: Staff Training	4	
Communication (with F&B Department Service)	5	
Quality of food presentation	3	
High level of staff skills/ qualified staff	3	
Locally sourced products/ Fresh products	2	
Efficient staff management/ Leadership in the team	2	
Separation of food and general waste	1	
Employee empowerment and involvement	1	
Enough manning to deliver 5 star service	1	
Consistency	1	
Compliance HACCP/COSHH	1	
Menu variance	1	
Keeping beverage cost low	1	

However, the picture changes significantly in some cases when looking at four and five star hotels separately (Table 7.3). While the CSFs "producing consistent quality food" and "appropriate standards and procedures" were scored similarly with 93.8% versus 86.7% and 75.0% versus 66.7% for four and five star hotels respectively, the remaining four CSFs differed significantly. While four star hotels overall found "efficient purchase and supplier liaison" critical in 75.0% of responses, five star hotels only thought so in 26.7% of cases. A similar picture emerges in the case of "minimising food wastage" which was considered critical in 68.8% of answers by four star hotels but again only 26.7% of time in responses of five star hotels. Generally lower in percentage terms but nonetheless significantly between both star rating categories the CSFs of "using efficient production methods" was considered critical by just below half the four star hotels with 43.8%. In the five star category, only 6.7% or one respondent thought this was the case. Finally, high hygiene standards were considered important by 81.3% of four star hotels but only by 33.3% of five star hotels. Generally, it seems that five star hotels thought fewer of the proposed CSFs were critical to success in the

F&B production department. In addition, four star hotels proposed 13 additional CSFs while five star hotels only specified 11 new ones.

Table 7.3: Differences among 4* & 5* Management Perceptions of F&B Production CSFs

CSF	4*	5*
Producing Consistent Quality Food	93.8%	86.7%
Appropriate Standards and Procedures	75.0%	66.7%
Efficient Purchase and Supplier Liaison	75.0%	26.7%
Minimizing Food Wastage	68.8%	26.7%
Using Efficient Production Methods	43.8%	6.7%
High Hygiene Standards	81.3%	33.3%

"Communication" was a new CSFs that was suggested five times by general managers and therefore a CSFs which has to be considered in future research. Similarly important, according to managers' responses, is "staff training" which was suggested four times to be critical to success within the F&B production department. Further, "staff skills" and the "quality of food presentation" were identified three times each to be crucial for the success of the department. However, there were further factors identified such as the importance of "locally sourced products/ fresh products" or "efficient staff management/ leadership" in the team which were each identified twice. Further factors were each identified by only one manager such as the "separation of food and general waste", "enough manning to deliver 5 a star service", "consistency", "menu variance", "keeping beverage cost low" or "employee empowerment and involvement". Furthermore, one manager suggested "consistency" to be a CSFs although "producing consistent quality food" was already provided as a CSFs, thus this factor is considered part of existing CSFs. The same applies to the mentioning of "compliance to HACCP & COSHH" which could be considered part of the existing CSFs of "high hygiene htandards". "Employee empowerment" was another new CSFs suggested by one manager within the F&B Production department however it was also identified within several other departments such as Front Office and Human Resources and therefore it can be argued that this factor belongs either in managerial factors or Human Resources responsible for the training activities within the company. A factor that would have to be considered when bundling CSFs which repeatedly appear in different operational departments such as "training", is the specific structure of the firm.

7.2.2 CSFs within the F&B Service Department

For the category of F&B Service, six CSFs were proposed to the respondents. Table 7.4 provides an overview of the responses and the additional CSFs that were mentioned. "Providing a high level of service" and "appropriate staff attitude/appearance" both received 24 votes, representing 72.6%. The second most selected CSFs was enhancing customer care with twenty selections followed by "high level of staff skills" and "quality of food and drink presentation" with 18 and 17 selections respectively. Finally, "quality of ambience and environment" was selected the least amount of times although still being selected just below half of times with 48.5%.

Table 7.4: Managers Perception about CSFs F&B Service

CSFs In the F&B Department Service	Counts	% of Respondents
Providing a High Level of Service	24	72.3%
Enhancing Customer Care	20	60.6%
High Level of Staff Skills	18	54.5%
Appropriate Staff Attitude/Appearance	24	72.7%
Quality of ambience and environment	16	48.5%
Quality of Food and Drink Presentation	17	51.5%
New CSF identified by Managers: Friendliness	4	
Upselling	3	
Good communication with F&B (Production)	1	
Distinction from competition, maybe themed restaurant, wine sommelier, Barrista etc	1	
Time, fast service	1	
Staff training	1	
Staff empowerment	1	
Staff alignment	1	
Food and drink expertise	1	
Problem resolution	1	
Location	1	
Passion for the work they do	1	

When separating the categories of four and five star hotels some variation becomes visible again, although not as significantly as within the F&B production section. Overall, five star hotels selected fewer CSFs from the proposed ones than did the four star establishments, consistent with the pattern from the previous section. The highest rated CSFs in both categories was still "providing a high level of service", but with 81.3% of all four star hotels choosing this CSFs it was higher than the 66.7% of five star hotels. "Enhancing customer care" showed a significant difference in the number of responses from four and five star hotels

with 75.5% and 46.7% respectively. Furthermore, "appropriate staff attitude/appearance" was scored relatively high with 81.3% in the four star category and 60% at five star level. The two categories of "high level of staff skills" and "quality of food and drink presentation" had some small variations with of 9.6% and 3.3%. One point to be noted is the fact that "quality of food and drink presentation" was the only CSFs where five star hotels selected it more times than the four star hotels. Lastly, "quality of ambience and environment" received the overall lowest combined score with a moderate difference between the two star segments of 23.0% as can be seen in Table 7.5.

Table 7.5: Differences among 4* & 5* Management Perceptions of F&B Service CSFs

CSFs	4*	5*
Providing a High Level of Service	81.3%	66.7%
Enhancing Customer Care	75.5%	46.7%
High Level of Staff Skills	56.3%	46.7%
Appropriate Staff Attitude/Appearance	81.3%	60.0%
Quality of ambience and environment	56.3%	33.3%
Quality of Food and Drink Presentation	50.0%	53.3%

In addition to the specified CSFs there were 12 additional CSFs mentioned by the respondents. Although the majority of suggestions were only mentioned once, two factors seemed to be repeated a number of times. Namely, these were "friendliness" and "upselling" with four and three counts each. Amongst the other suggestions two arguably tangible elements in the form of "location" and "themed restaurants" or another differentiator such as the "provision of a sommelier or barista" were mentioned. Interestingly, although all different in nature the remaining suggestions all referred to some element of staffing. "Staff training", "staff empowerment", "staff alignment", "food and drink expertise" and "passion for what they do" all refer to attributes of staff, which arguably does suggest a CSFs not only for the F&B service department but also for the human resources department. Therefore, although not seen as a new CSFs to be added to the existing list the existing CSFs dealing with staffing issues (namely providing high level of service, high level of staff skills and appropriate staff attitude/appearance) should receive relatively high scores in the later questionnaire when respondents are asked to rank these CSFs.

7.2.3 CSFs within the Front Office Department

As already discussed above, the initial CSFs of the Front Office department have been divided among the Reservations and R&Y department and the Front Office department resulting in only three CSFs that were presented to general managers in order to identify their opinion in regards of the importance of these factors. The majority of the respondents (78.8%) perceived "good customer care" to be the crucial factor within the Front Office department for successful hotel operations. This was followed by "staff attitudes" which was selected by around sixty percent to be critical to success. "Staff appearance" was perceived to be of less importance with only about half of responses identifying appearance to be critical to success as can be reviewed in Table 7.6.

Table 7.6: Managers Perception about CSFs Front Office

CSFs In Front Office	Counts	% of Respondents
Good Customer Care	26	78.8
Staff Attitudes	20	60.6
Staff Appearance	17	51.5
New CSF identified by Managers: CRM, Relationship building	5	
Friendliness	4	
Efficient FO operating system	4	
Staff training	2	
Loyalty programs, point service	2	
Multilingual staff	2	
Empowerment	2	
Upselling (upgrade + F&B)	1	
Good concierge service	1	
None of the above	1	
Time efficient work in peak check in/out periods	1	
Staff alignment	1	
Professional and welcoming	1	
Broad skillset to potentially combine functions in one staff (treasury, reception, night audit)	1	
Lobby Atmosphere	1	
Communication skills	1	
Hygiene and grooming	1	

Particularly interesting is the analysis of differences in perception of managers from four and five star hotels. Four star hotels generally perceived the three factors to be of higher importance compared to five star hotels. The low percentage of five star hotels interest in the CSFs of "staff appearance" is particularly surprising considering that in the five star hotel sector appearance is

usually considered of highest importance as confirmed by Walls et al. (2011, p. 181) revealing that attributes that positively influence five star hotel guests' include items such as "neat and clean uniforms, appropriate attire for different hotel departments and managers in coat and tie, well-dressed, manicured, and mannered". Perhaps, for five star hotel managers staff appearance was perceived to be a normal aspect of daily hotel operations as opposed to being critical and therefore they did not suggest it be a CSFs. Similarly, only around 53 percent of five star managers perceived staff attitude to be critical which is underlined by the research of Walls et al. (2011, p. 181) who concluded that "joking behind the counter, smoking or drinking in guest areas, and trying to befriend customers" is considered unacceptable behaviour of hotel staff for five star hotel guests.

Table 7.7: Differences among 4* & 5* Management Perceptions of Front Office CSFs

CSFs	4*	5*
Good Customer Care	87.5%	66.7%
Staff Attitudes	68.8%	53.3%
Staff Appearance	68.8%	33.3%

Within the department of Front Office a large number of new CSFs emerged through the qualitative questionnaire. Five respondents acknowledged the importance of "CRM systems" and the necessity for "successful relationship building" in order to survive in todays competitive marketplace. Four managers perceived that "friendliness" has to be considered a crucial point for successful front office operations. This could result from the fact that receptionists are the first employees engaging in customer contact; it plays a crucial role in influencing the first impression a guest has of the hotel. Another four participants suggested an "efficient FO operating system" to be an important CSFs within the front office department. Staff training, loyalty programmes, multilingual staff and empowerment were each mentioned twice by managers to be CSFs within front office operations. Within five star hotels the example of Ritz Carlton has already demonstrated the importance of "staff empowerment" for handling complaints to ensure high customer satisfaction rates. Taking once more into account that the front office department is the point of contact within a hotel, front office staff need to be able to handle complaints for all other departments in order to ensure

that customers are satisfied. Referring to other employees or not feeling responsible simply upsets hotel guests hence, destroying the customer experience (Lampton, 2003). Ten more factors were pointed out only once by individual general managers as can be reviewed in Table 7.6.

7.2.4 CSFs within the Reservation and R&Y Department

As can be seen in Table 6.8, overall participants agreed with the provided CSFs. "Accurate and efficient reservation systems" was considered to be especially critical with 78.8% of respondents selecting it. The lowest score for the set of proposed CSFs was "maximisation of occupancy levels" although it still received agreement from 57.6% of respondents.

Table 7.8: Managers Perception about CSFs Reservation/R&Y

CSFs In the Reservation/R&Y	Counts	% of Respondents
Accurate and Efficient Reservation System	26	78.8
Staff Sales Skills	20	60.6
Effective R&Y Management	25	75.8
Maximisation of Occupancy Levels	19	57.6
New CSF identified by Managers: Upselling	6	
CRM System	2	
Regular updates of online prices on intermediaries	2	
Effective Sales team	2	
Meeting with specified target and marketing channel	1	
Differentiating between good volume and unbeneficial volume (some group rates don't even allow to break even)	1	
Communication with FO & Management	1	
Capturing special requests	1	
Yielding Rates	1	
Organisational skills	1	
Analysis of data	1	

There were considerable differences between four and five star hotels within the Reservation and R&Y Departments. Taking the CSFs of "accurate and efficient reservation system" all general managers from four star hotels perceived this to be a CSFs whereby only around 53 percent of five star managers confirmed this to be a CSFs. A similar picture is present with the CSFs of "staff sales skills" with around 81 percent of four star general managers confirming it to be a CSFs but only 40 percent of five star general managers pointing out staff sales skills to be critical for hotel success. Also the CSFs of "maximisation of occupancy levels" was identified to be critical by 75.0% of 4 star managers but only by 33.0% of

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five star managers. Consequently, within the department of reservation and R&Y it becomes apparent that there is a gap between CSFs among four and five star hotels.

Table 7.9: Differences among 4* & 5* Management Perceptions of Reservation/R&Y CSFs

CSFs	4*	5*
Accurate and Efficient Reservation System	100%	53.3%
Staff Sales Skills	81.3%	40.0%
Effective Revenue/Yield Management	81.3%	73.3%
Maximisation of Occupancy Levels	75.0%	33.3%

Particularly within the Reservation and R&Y Department a large number of new CSFs emerged. "Upselling" as a CSFs has already been identified as a new CSFs within the Front Office Department and was considered to be critical within the Reservation and Revenue and Yield (R&Y) Department by six general managers. Furthermore, "CRM systems" were assessed to be CSFs. As revealed within the previous section, CRM systems were already identified to be critical to hotel success within the Front Office Department. These two examples show that there is a close link between factors within those two departments. Other new CSFs that emerged and which were identified by two participants each have been "regular updates of online prices on intermediaries" and "effective sales teams". In addition, seven more CSFs emerged during the data collection as can be identified in Table 7.8 which were all mentioned once.

7.2.5 CSFs in the Back of House Area

Within the Back of House area participants were provided with a list of five CSFs. However, some of these CSFs have not been supported as strongly as all previous CSFs of other departments. In particular, the CSFs of "maintain an effective laundry system" was only acknowledged to be a CSFs by around 27.0% of managers. Also the "provision of effective security systems" was rated by just below 50.0% of managers to be critical to success. Generally, all factors provided to the participants achieved relatively low percentages in comparison to those of previous departments.

Table 7.10: Managers Perception about CSFs Back of House

CSFs In Back of House	Counts	% of Respondents
Clear Programme of Planned Maintenance	21	63.6
Effective Cleaning Schedules	19	57.6
Provision of Effective Security Systems	16	48.5
Maintaining an Effective Laundry System	9	27.3
Effective Inter-Departmental Liaison	21	63.6
New CSF identified by Managers: effective work procedures	1	
if outsourced resources - maintain sufficient operating utilities (on property) of laundry, staff etc.	1	
Guest preference system to keep track	1	
Proper management and quantity of employees/effective staffing	2	
Staff retreat areas	1	
In-house canteen	1	
Grooming	1	
Motivation and ensuring staff feel valued and understand they are as important as front of house	1	
Supervision of work - housekeeping	1	
Appropriate contracts	1	

In addition, the difference between four and five star hotels were much smaller compared to the CSFs from the previous section as can be identified in Table 7.11. Ten new CSFs emerged within the Back of House category. "Effective staffing" or "proper management" were mentioned twice by hotel general managers to be CSFs within the Back of House department. Further nine more new CSFs emerged as can be reviewed in Table 7.10, such as effective work procedures, supervision or "guest preference system to keep track" to name only a few.

Table 7.11: Differences among 4* & 5* Management Perceptions Back of House CSFs

CSFs	4*	5*
Clear Programme of Planned Maintenance	68.8%	53.3%
Effective Cleaning Schedules		
Provision of Effective Security Systems	62.5%	40.0%
Maintaining an Effective Laundry System	31.3%	20.0%
Effective Inter-Departmental Liaison	68.8%	60.0%

7.2.6 CSFs in the Conference and Banqueting Department

Within the Conference and Banqueting Department the general managers had different perceptions about the CSFs provided. Although three of the CSFs

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provided were clearly confirmed with scores above 50.0%, three of the suggested CSFs had scores below the half point with "quality of facilities" just missing it with a score of 48.5%. However, "high quality food and beverage provision and upselling where possible" were clearly not considered important with low scores of 39.4 and 27.3% respectively.

Table 7.12: Managers Perception about CSFs Conference and Banqueting

CSFs In the Conference and Banqueting Production	Counts	% of Respondents
Competitive Pricing	19	57.6
High Quality Food & Beverage Provision	13	39.4
Providing flexible Facilities	20	60.6
Upselling where possible	9	27.3
Attention to Details & Customer Requirements	22	66.7
Quality of Facilities	16	48.5
New CSF identified by Managers: Efficient Staff	1	
Brand awareness	1	
Technology availability (interactive-whiteboards, projectors, sound system)/ Working technology (knowledgeable staff in case technology fails during event)	2	
amount of staff to be in good shape for busy (long hours) banquet operations	1	
Right talent for right position	1	
sustaining good relationship with customers	1	
Genuine smile	1	
Guest engagement	1	

In terms of new CSFs identified by the respondents, a total of eight were provided, although only one (technology availability/working technology) was mentioned twice. More interestingly however, the differences between four and five star managers to the provided CSFs were significant on some of the proposed CSFs with differences in the rate of approval by 28.3% for "high quality food and beverage provision", 37.1% for "upselling where possible" and 47.5% for "attention to details and customer requirements".

Table 7.13: Differences among 4* & 5* Management Perceptions Conference and Banqueting CSFs

CSFs	4*	5*
Competitive Pricing	56.3%	53.3%
High Quality Food & Beverage Provision	25.0%	53.3%
Providing flexible Facilities	68.8%	53.3%
Upselling where possible	43.8%	6.7%
Attention to Details & Customer Requirements	87.5%	40.0%
Quality of Facilities	50.0%	53.3%

7.2.7 CSFs in Guest Accommodations

The guest accommodation section provided six possible CSFs for the respondents to rank. Overall, three received acceptable scores over 50.0% and three below. In particular, the two top categories "providing consistent quality" and "ensuring high levels of cleanliness" scored highly with 87.9 and 84.8 % respectively. On the other hand, the three factors that scored below the half mark "operating appropriate training programs, minimising costs and providing a sufficient variety of rooms" received very low scores with 27.3% being the highest and 15.1% the lowest.

Table 7.14: Managers Perception about CSFs Guest Accommodation

CSFs In the Guest Accommodation	Counts	% of Respondents
Providing Consistent Quality	29	87.9
Ensuring High Levels of Cleanliness	28	84.8
Meeting Customer Needs	19	57.6
Operating Appropriate Training Programmes	7	21.2
Minimising Costs	9	27.3
Providing a Sufficient Variety of Rooms	5	15.1
New CSF identified by Managers: Variety of room amenities	3	
Wi-Fi and internet speed	5	
in-room amenities up to standard/ modern/ Up to date FF&E (Furniture, fixtures & equipment) - especially to be in line with competition/ Quality of in room facilities, minibar, flat screen	5	
Providing sufficient technology (iPod docks, flat screen, wi-fi)	1	
Standardised rooms	1	
Exceeding customer needs and expectations	1	
Flexible staff	1	

The category of newly identified CSFs, unlike the previous had some significant additions. Overall, only seven distinct CSFs were identified, however three of them were mentioned several times. Especially, "wireless internet" and "internet speed" was mentioned by five individuals to be a CSFs as well as "in-room

facilities being up to standard". Furthermore, the need for a" variety of in-room amenities" was perceived by three general managers to be a CSFs that should be added and considered within guest accommodation. Taking a closer look at the differences between four and five star results in Table 7.15, it is clearly visible that there are fewer differences than within other departments. Interestingly, the CSFs of "meeting customer needs" which one would think is one of the major areas to focus on in a five star hotel was only considered to be critical by 46.7 percent of five star managers compared to 68.8% of four star managers. A further interesting observation was that also the operation of "appropriate training programmes" was perceived by only 13.3.% of five star hotel managers to be critical to the success of hotel operations. "Minimising costs" however, was clearly perceived less critical within five star operations than in four star hotel where 31.1% of the managers identified this to be a critical factor to success.

Table 7.15: Differences among 4* & 5* Management Perceptions Guest Accommodation CSFs

CSFs	4*	5*
Providing Consistent Quality	87.5%	86.7%
Ensuring High Levels of Cleanliness	87.5%	75.0%
Meeting Customer Needs	68.8%	46.7%
Operating Appropriate Training Programmes	31.3%	13.3%
Minimising Costs	31.3%	13.3%
Providing a Sufficient Variety of Rooms	12.5%	20.0%

7.2.8 CSFs in Leisure Operations

Within the department of leisure operations, the participants clearly picked out the importance of "providing quality facilities", "attractiveness of facilities" and "high levels of cleanliness and hygiene" out of the choice of possible CSFs. In addition, ten new CSFs emerged through the data collection but none of these were mentioned more than once resulting in none of those standing out. The complete list of newly identified CSFs can be reviewed in Table 7.16.

Table 7.16: Managers Perception about CSFs Leisure Operations

CSFs in Leisure Operations	Counts	% of Respondents
Providing Quality Facilities	20	60.6
Operating an Appropriate Range of Facilities	11	33.3
Maintaining Membership Levels	11	33.3
Attractiveness of the Facilities	21	63.6
High Quality Staff	13	39.4
High Levels of Cleanliness and Hygiene	20	60.6
New CSF identified by Managers: Attraction of locals to use leisure facilities	1	
Adherence to Health and Safety regulations	1	
Advertising of facilities	1	
Innovation of products, hotel concept mixed with comfort	1	
Adapt to trends	1	
Accessibility	1	
Views - many hotels have leisure facilities on the rooftop, because it's a USP in some markets	1	
New ideas – innovation	1	
Consistency of service	1	
Discount packages	1	

Taking a closer look at the differences among four and five star hotel managers' perceptions regarding existing CSFs, interestingly there has been a consensus regarding the strategic importance of CSFs within the leisure department except for the case of "high levels of cleanliness and hygiene" which was only identified by 40.0% of five star managers to be crucial to success as opposed to 75.0% of four star managers as identified in Table 7.17.

Table 7.17: Differences among 4* & 5* Management Perceptions Guest Accommodation CSFs

CSFs	4*	5*
Providing Quality Facilities	68.8%	53.5%
Operating an Appropriate Range of Facilities	31.3%	33.3%
Maintaining Membership Levels	37.5%	33.3%
Attractiveness of the Facilities	62.5%	60.0%
High Quality Staff	50.0%	26.7%
High Levels of Cleanliness and Hygiene	75.0%	40.0%

7.2.9 CSFs within the Finance Department

Within the department of finance, all the provided CSFs received moderately high scores around seventy percent except for the CSFs of "prompt issues of customer bills" and "effective bad debt control procedures" which both only received 42.4% of positive agreement of participants in respect of their being critical to success. Taking a look and new CSFs that emerged through the data collection,

the participants revealed twelve further CSFs that they perceive to be critical for hotels' finance operations. "staff training", "communication with other departments", "effective control of staff costs/ payroll cost control" and "accurate forecasting procedures" have been new CSFs that were each pointed out twice by general managers. A complete list can be found in Table 7.18.

Table 7.18: Managers Perception about CSFs Finance

CSFs In Finance	Counts	% of Respondents
Effective Revenue Control Procedures	24	72.7
Accurate Financial Reporting	23	69.7
Budgetary Control Procedures	24	72.7
Prompt Issue of Customer Bills	14	42.4
Effective Bad Debt Control Procedures	14	42.4
Achieving Accurate Costing	22	66.7
New CSF identified by Managers: Staff Training	2	
Communication with other departments	2	
Staff empowerment	1	
Strong cash flow management	1	
Effective control of staff costs/ Payroll cost control	2	
Transparency on how to do the right procedures for each financial issue from guest billing to getting quotation	1	
F&B cost control	1	
Accurate forecasting procedures 3 months, 6months and 12 months	2	
Good sales	1	
Avoid sand bagging strategies	1	
Treasury functions	1	
Appropriate integration of systems (IT) supporting efficiency	1	

Within all existing CSFs four star managers generally perceived a higher number of CSFs to be critical than five star managers as can be reviewed in Table 7.19. "Accurate financial reporting" and "budgetary control procedures" were identified by the overwhelming majority of four star managers to be critical with 87.5% and 93.8% respectively. Only fifty percent of five star managers, however felt these to be CSFs.

Table 7.19: Differences among 4* & 5* Management Perceptions Finance CSFs

CSFs	4*	5*
Effective Revenue Control Procedures	81.3%	66.6%
Accurate Financial Reporting	87.5%	50.0%
Budgetary Control Procedures	93.8%	50.0%
Prompt Issue of Customer Bills	43.8%	33.3%
Effective Bad Debt Control Procedures	50.0%	33.3%
Achieving Accurate Costing	68.8%	60.0%

7.2.10 CSFs within the Human Resources Department

The general managers within this study sample generally agreed with the provided list of CSFs except for "conducting appropriate staff appraisal" which was only indicated by 36.3% to be critical to success as can be identified in Table 7.20. The vast majority of participants (90.9%) revealed that the "effective recruitment and selection process" has to be regarded as a CSFs within the four and five star hotel segment. Eight new CSFs emerged through the questionnaire with "staff empowerment" being pointed out by three managers and "enhancing staff communication" being perceived to be critical to success twice within the human resources department. The results of all departments clearly show that communications is generally regarded as a CSFs within all departments.

Table 7.20: Managers Perception about CSFs Human Resources

CSFs In Human Resources	Counts	% of Respondents
Effective Recruitment and Selection Process	30	90.9
Provision of Regular Training of All Staff	21	63.6
Maintaining Staff Moral and Loyalty	25	75.8
Reducing Staff Turnover	24	72.7
Conducting Appropriate Staff Appraisal	12	36.3
Effective Staff development	19	57.6
New CSF identified by Managers: Enhancing staff communications	2	
Staff empowerment	3	
supporting existing staffs to be promoted	1	
Providing staff accommodation	1	
Recruiting on an international basis	1	
Training	1	
Having an "open door policy"	1	
Considering the psychology of emotional labour	1	

Differences between four and five stars are not as evident as within other departments. Only "conducting appropriate staff appraisal" was clearly perceived to be more critical by four star managers with fifty percent agreeing while only twenty percent of five star managers indicated staff appraisal to be critical as can be seen in Table 7.21.

Table 7.21: Differences among 4* & 5* Management Perceptions Human Resources CSFs

CSFs	4*	5*
Effective Recruitment and Selection Process	93.8%	93.3%
Provision of Regular Training of All Staff	75.0%	53.3%
Maintaining Staff Moral and Loyalty	81.3%	66.7%
Reducing Staff Turnover	75.0%	66.7%
Conducting Appropriate Staff Appraisal	50.0%	20.0%
Effective Staff development	56.3%	60.0%

7.2.11 CSFs within the Marketing and Sales Department

The six CSFs suggested for the marketing department were scored with relatively significant differences. While the lowest score was 39.4% for "maintenance of market share" the highest was "well trained staff" with 79.1%.

Table 7.22: Managers Perception about CSFs Marketing and Sales

CSFs In Marketing and Sales	Counts	% of Respondents
Maintenance of Market Share	13	39.4
Effective Competitor Intelligence	17	51.5
Effective Advertising	21	63.6
Effective Market Intelligence	14	42.4
Effective Customer Database	19	57.6
Well Trained Sales Staff	23	69.7
New CSF identified by Managers: Differentiation from competition through marketing	1	
Effective use of new media/ understanding of needs and wants of target market e.g. senior market still prefers advertisement via mail vs. young people social media or mobile marketing	4	
good competitor relationships to share business at times	2	
communication of promotions to appropriate departments	3	
effective use of multiple channels to advertise	1	
Staff Friendliness	1	
SEO	1	
Attractiveness of website	1	
CRM	2	
Proactive staff	1	
Good up selling	1	
Interpersonal qualities of staff	1	
Managing budget	1	
Close cooperation with Revenue Management to achieve best segmentation	1	

Overall 14 new CSFs were identified by the respondents. Four of these were mentioned more than once with "CRM and good relationship with competitors to share business at times" being mentioned twice, "communication of promotions to appropriate departments" three times and "effective use of new media/social media" being suggested four times. Finally, the differences between the answers

from four and five star hotels were in the usual range, with "effective market intelligence" being an exception where only 20.0% of five star hotel managers thought that this was critical whereas 56.3% of four star hotel managers thought so.

Table 7.23: Differences among 4* & 5* Management Perceptions Sales and Marketing CSFs

CSFs	4*	5*
Maintenance of Market Share	43.8%	26.7%
Effective Competitor Intelligence	43.8%	60.0%
Effective Advertising	56.3%	66.7%
Effective Market Intelligence	56.3%	20.0%
Effective Customer Database	68.8%	46.7%
Well Trained Sales Staff	75.0%	66.7%

7.2.12 CSFs at Managerial Level

Finally, the last category was the managerial level which did not have any suggestions. However, as respondents were guided through a number of key operational areas, this section was aimed at stimulating people's thoughts on managerial CSFs. In total 23 separate managerial CSFs were mentioned by respondents with three factors being mentioned twice and one factor five times as can be reviewed in Table 7.24.

Table 7.24: CSFs Managerial Level

CSFs Managerial Level	Counts
Effective top-down communication/ hotel internal communication/ Management, owner communication	5
Long term planning/strategic approach	2
Clear understanding of vision/mission and objectives of company	2
Ownership involved in managed hotels/ ownership involvement in daily operations	2
Alignment on all levels from management down to line staff	1
Ownership structure	1
short term planning	1
ownership of the property	1
Investment programs	1
Budgeting	1
company culture (e.g.: French or German approach towards high management positions)	1
Leadership	1
Relationship between hotel owners and hotel management	1
Management company	1
Location	1
Bureaucratic procedures	1
Understanding, managing and meeting owner expectations	1
Achieving owner's priority return	1
Managing working capital	1
Managing FF&E, reserves, lease coverage	1
Strong management team on operational level	1
Financial management – external control procedures and revisions	1
Lean management	1

One factor that fits with answers from the previous sections is that communication, where provided as a suggested CSFs in a number of categories, scored highly amongst these. "Effective top-down communication", "hotel internal communication" and the "communication among owners and management" has been identified as the key CSFs within the managerial level. This is confirmed by previous research (Aaltonen and Ikävalko, 2002; Longenecker et al., 1999; Ritter, 2003). Aaltonen and Ikävalko (2002) pointed out that organisational communication is a key element of ensuring strategy creation and implementation however, revealed that companies often lack in ensuring that employees actually understand what the strategy is about. Olve et al. (2000) further stated that in fact it is the CEO who must take the leading role in embracing the company strategy for others to follow. Five participants agreed with this point by revealing that "effective communication" is the key to successful hotel operations. Further research revealed the importance of "bottom-up communication" to ensure that management is aware of guests' problems or the "effectiveness of implemented systems and procedures" and therefore Longenecker et al. (1999, p. 506) concluded that "communication is the lifeblood of any organisations and, as a result, when communication breakdowns occur, organisational performance can only suffer".

Ritter (2003) further supported the importance of communication within organisations in enabling successful strategy formulation, pointing out that the management level needs to convey clear objectives. This is in line with another new CSFs that developed through the data collection. General Managers revealed that a clear understanding of the vision, mission and objectives of hotels is essential in order to create and maintain successful hotel operations. According to Kantabutra and Avery (2010), academia and consultancies have argued over decades that a correctly formulated and implemented vision and mission is an important part for thriving businesses. This was further supported by Aldehayyat (2011), revealing that top management plays an enormously important role in the introduction of strategies. The importance of "long-term planning" and a "clear strategic approach" is another CSF that was pointed out twice by general managers and which was confirmed by Aldehayyat (2011) who stated that there is

a positive relationship between the long term strategic planning of hotels and the actual hotel performance. Another CSFs that was identified twice to be an important part of the managerial level is ownership involvement. Research within the US hotel industry by Xiao et al. (2012) found out that in addition to actively operating owners, those that are not involved in the daily routine of hotel operations also have significant impacts on hotel performance. According to the named research, owners have to be particularly clear in "segment, location, brands, and operator strategies" in order to ensure an overall strategy alignment and successful hotel operations (Xiao et al., 2012).

7.3 Summary

The qualitative questionnaire resulted in a number of new CSFs within the different departments as the above analysis has shown. Upselling within the Reservations and R&Y department has been pointed out the most as a new CSFs being mentioned by six different managers. Also CRM (Front Office department), availability of Wi-Fi and high standards of in-room amenities within guests accommodations were three new CSFs that were each mentioned five times. Five more new CSFs were identified four times each, namely staff skills within food production, friendliness each in Service and Front Office departments, the need for an efficient Front Office system as well as the use of new media for marketing purposes.

Taking a closer look at all the CSFs that emerged through the data collection it becomes apparent that there is a shift towards technology-related CSFs (CRM which require systems), Front Office System, internet connections or simply new marketing and reservation channels. While previous research in the area of CSFs still had the main focus on processes within the hotel based on human behaviour, the update of CSF with general managers has shown that future CSFs research has to also focus on the technological aspect.

CHAPTER 8: RESULTS OF DELPHI ROUNDS AND PRIMARY DATA COLLECTION

8.1 Introduction

This chapter analyses the larger scale primary data collection questionnaire, which constitutes the final data collection process, of this PhD study. Firstly, this chapter presents the analysis of the three Delphi rounds whereby the number of CSFs from previous literature discussed in Chapter 3 is reduced by expert rounds for the large-scale questionnaire. Following the analysis of Delphi rounds the aforementioned large scale questionnaire will be analysed within this chapter. It will present participants' profiles and then move on to covering the confirmatory factor analysis using SmartPLS while providing insights as to the inconclusive exploratory data collection. Finally, the presentation of a business strategy formulation and implementation framework for 4 and 5 star UK hotels, incorporating CSFs within the BSC approach concludes this chapter.

8.2 Analysis of the Three Delphi Rounds

This section focuses on the analysis of the second step of data collection within this PhD study – the three Delphi Rounds. The purpose of the expert questionnaires was to rigorously reduce the large number of potential CSFs from the previous literature into a set of more relevant CSF. In addition, to ensure the list of CSFs are answered truthfully, a shorter list than the original 264 factors needed to be produced. Academic and industry experts (general managers of 4/5 star hotels) were given a set of CSFs factors which had to be ranked on a scale from 1 (Not critical at all) to 5 (Highly Critical). To reduce the number of CSFs for the following round of expert questionnaires, the validity ratio by Lawshe (1975) was applied. According to Lawshe (1975), with 15 experts, the validity ratio has to be above 0.49 for content validity to be established. Table 8.1 provides an overview of the minimum values of CVR (content validity) required to support or reject items asked on a 5 point Likert Scale within a questionnaire.

Table 8.1: Minimum Values of CVR and

Minimum Values of CVR and CVRt One Tailed Test, p = .05	
5	0.99
6	0.99
7	0.99
8	0.75
9	0.78
10	0.62
11	0.59
12	0.56
13	0.54
14	0.51
15	0.49
20	0.42
25	0.37
30	0.33
35	0.31
40	0.29

Source: Lawshe (1975)

8.2.1 Round 1

The responses were aggregated and evaluated via CVR and CoV which resulted in 116 out of 264 factors to proceed to the second round of questionnaires with scores of 0.49 and over. This can be seen in Appendix B and C as to which factors proceeded to the next round. As discussed above, a coefficient of variation below 0.5 represents a good consensus between participants. Of all 264 factors that were ranked only three displayed a sign of disagreement with CoV values above 0.5, whereby two (geographic coverage of hotel network and providing limited service level) had just slightly higher CoV values of 0.535 and 0.555 respectively. The third factor (providing smoking and non-smoking rooms) scored a CoV value of 0.707 representing a higher degree of disagreement. However, the CVR score of - 0.600 firmly eliminated this CSF, so that even a change in a number of respondent's answers (higher scores) would not have made a difference.

8.2.2 Round 2

Out of 116 factors, 105 remained in the list due to a CVR of 0.49 and over. The exact CSFs can be reviewed in Appendix C. As only 11 CSFs were eliminated from round two, Table 8.2 below shows the factors that were eliminated and their corresponding CVR values. Although this round only led to a small reduction in

CSFs the CoV values for all CSFs show a strong consensus with all but four CSFs scoring below 0.3 and all below 0.4.

Table 8.2: Round Two Eliminated CSFs

Eliminated CSF	CVR Value
Staff retention	0.333
Internet usage level	0.333
Operational flexibility/responsiveness	0.467
Responsiveness to customer demands	0.467
Utilising attractive advertising or promotions	0.467
Raise brand awareness	0.467
Risk management practices	0.467
Compliance HACCP/COSHH	0.467
Good concierge service	0.467
Lobby Atmosphere	0.467
Search engine optimisation	0.467

8.2.3 Round 3

The final round resulted in the elimination of 48 CSFs. As a result, 57 CSFs of the original 264 proceeded to the large scale questionnaire. Table 8.3 provides an overview of the eliminated CSFs from the third Delphi round and their corresponding CVR values. Again, almost all CSFs showed good CoV values below 0.3 with ten factors just slightly above that but below 3.35 representing strong consensus.

Table 8.3: Round Three Eliminated CSFs

Eliminated CSFs	CVR Value
Employee development	0.067
Employee satisfaction	0.333
Ensuring good employee attitude	0.467
Professional Staff	0.200
General and administrative costs	-0.333
Strict budgetary control	-0.333
Effective bad debt control procedures	0.333
Customer database and profiling	0.333
Customer surveys/feedback, effective system to receive feedback	0.333
Accessing customers via internet	0.333
Customer Relationship Management	0.467
Personalised Service	0.333

Warmth of guest welcome, willingness to help	0.467
Provision of high levels of customer care	0.467
High food and beverage standards	-0.067
Enhance customer experience	0.200
Staff recruitment and selection	0.467
Proper policies	0.333
Feedback to employees	0.067
Management communication	0.333
Management implementing policies and delegating responsibility	0.200
Monitoring operations and maintaining quality	0.467
Guests safety and security	0.333
Strong brand differentiation/ brand strength	0.200
Superior product (physical)	0.200
Innovation Strategy	0.467
Effective inter-departmental liaison	0.467
Convenient/ Superior/ Accessible locations	-0.067
Providing comfortable public hotel areas	0.467
Creating and implementing a marketing strategy	0.467
Brand value growth	0.200
Measurement and improvement of efficiency	0.333
Monitoring legal requirements	0.067
Quality of food presentation	0.333
Differentiation from competition	0.467
Efficient and accurate front office (FO) operating system	0.333
Loyalty programs, point service	-0.200
Utilising targeted marketing	0.067
Regular updates of online prices on intermediaries	0.200
Effective sales team	0.333
Maintaining sufficient operating utilities	0.200
Payroll cost control	0.467
F&B cost control	0.067
Accurate forecasting procedures	0.333
Investment programs	0.333
Creating a strong company culture/team spirit	0.467
Relationship between hotel owners and hotel management	0.467
Financial management – external control procedures and revisions	0.200

For the purpose of transparency, the obvious fluctuation in the number of eliminated CSFs from round to round might be attributed to a number of factors specifically. As a broad hypothesis, the author would have expected the number of factors eliminated to reduce with each round. In fact, the first round saw a large

number of factors to be eliminated, which was to be expected as for the nature of the CSFs theory not all could be critical to success. The second round however, resulted in only 11 factors being eliminated with a strong tendency of participants migrating to the higher numbers of the Likert scale.

In subsequent phone calls and e-mails to some of the respondents to thank them for their participation and in preparation for the next round, a number of participants made remarks that might explain some of the high scores for factors that were eliminated in the third round (some of them quite distinctively through CVR values of -0.333). Some of the comments made on the phone were along the line (not quotes but recalled from the memory of the author and represented as closely as possible as to what was said):

"Well, all of the factors are important to us to some extent and therefore we focus on all of these"

"It's so busy at the moment, and they seem things we look at so we ranked them highly"

Finally a quote from participant GM4 sent via e-mail with the response:

> *"...the questions are the same as before and we would rank all of it a 5*
> *as they are all very important points in a very large well-known brand..."*

Taking a look at the actual responses, a number of respondents ranked all or more than 90 per cent of factors with five resulting in a very strong "pull" towards higher CVR scores. In addition, the comment about it being a busy time, round two was conducted over the Christmas period, might be an indication that the answers were rushed and made without too much consideration. Finally, GM4's comment regarding all questions being the same and therefore important may lead to the conclusion that although explained at the beginning of the research study and in the questionnaire, the concept of CSF was not fully understood which can be the case as identified in the literature review in Section 3.6 "Limitations of the CSFs Approach".

In an effort to clarify the idea of the CSFs approach that not all activities are critical to success, although they might be supporting or important activities, the following statement was included in the e-mail to participants for the last round of CSFs evaluations.

"Please note that by now all factors are relatively important, therefore please try to use the full scale of one to five to show which are the MOST important factors and which ones are important but less so"

This led to a significant increase in the number of CSFs that were excluded for the large-scale questionnaire, although with very good CoV scores, perhaps highlighting the importance of ensuring that people working with the CSF approach truly understand the nature of it.

Table 8.4 presents the 57 CSFs that remain within the final set of CSFs used for the creation of the large-scale questionnaire. As can be seen within the table, the final set of CSFs are grouped according to the four BSC perspectives: financial, customer, internal/business processes and learning and growth. This categorisation is a preliminary configuration of CSFs in each BSC perspective meant to facilitate the presentation of the nature of CSFs.

Table 8.4: Remaining CSFs after Delphi

Financial Perspective	Customer Perspective
Revenue control Cost control Accurate financial reporting Proper financial management Return on investment Profit maximization Yield maximisation (occupancy & average room rate) Managing working capital/ cash flow Effective control of staff costs	Customer retention Customer loyalty/repeat business Guest satisfaction (service), good ratings Exceeding customer needs and expectations
Internal/ Business Processes	**Learning and Growth**
Consistent service standards Hygiene and cleanliness Quality Standards Clear objectives and goals Clear strategies Communication of strategy Clear lines of communication/ interdepartmental communication Clear delegation of authority Management, leadership Operational controls Effective Marketing and Sales Providing competitive offers Creating unique selling points Efficient operations Providing quality of ambience and environment Guest bedroom comfort level Providing high quality facilities Ensuring appearance of facilities is attractive Top Management commitment Reputation Achieving market penetration in target market Benchmarking and competition comparison Provision of value for money Use of online platforms for guest acquisition Evaluation of data/information gathered Provision of fast wireless and cable internet Appropriate integration of systems (IT) supporting efficiency Attractiveness of website Long term planning/strategic approach	Staff training Well-trained, high quality staff Employee commitment Strong Leadership/ Staff management Enough manning to deliver 4/5 star service Staff friendliness Ensuring staff are motivated and passionate Ensuring staff have communication skills Organisational skills Flexible staff Providing and enforcing standard operating procedures Proactive staff Interpersonal qualities of staff Strong management team on operational level Clear understanding of vision/mission and objectives of company

The next section moves on to the analysis of the large-scale questionnaire, utilising the above remaining CSFs determined through the three Delphi rounds.

8.3 Large-Scale Questionnaire Demographic Profile

Table 8.5 summarises the demographic profile of the respondents from the large-scale questionnaire. There were slightly more female (54.1%) than male (45.9%) respondents. In terms of the age distribution, 31.1 percent have been within the age range of 25-34; 19.7 percent in the range of 35-44; and 24.6 percent in the range of 45-54. Fewer respondents have been 24 and below or 55 and over with only 9.8 percent and 14.8 percent respectively. Interestingly, looking at the level of education, the majority were without university degrees (55.7%) compared to 44.3 percent who had earned a university degree. As discussed in the methodology section 6.6.2 the population consisted of general managers and owners of four and five star UK hotels. As a result, the majority of respondents were general managers (77.0%); while 23.0 percent of participants were hotel owners, which was particularly the case within smaller boutique hotels in rural areas and provincial towns. In terms of the level of experience, a large number of respondents (39.3%) had more than 12 years of experience in working within the hotel industry allowing the researcher to assume a good degree of knowledge of the characteristics and specifications of the hotel industry. The remaining respondents were relatively evenly distributed across all levels of experience ranging from three years or less (11.5%) to nine to twelve years of experience (19.7%).

The next part of the questionnaire was concerned with information about the hotels that participated in this study. The majority of hotels, about 41 percent, had 30 or less rooms which is in accordance with the overall British hotel industry structure discussed in section 5.6.2. Also employee-wise, the majority of hotels had less than 30 staff employed (47.5%). In terms of star rating, 73.8 percent had four AA stars and 26.2 percent five stars. In regards to the location of the participated hotels, 39.3 percent were in a rural location, while 24.7 percent were location in major cities. In regards to the target market, overwhelmingly 58 respondents stated to have a leisure target market and 26 stated to have a business target market. In total, only three participants did not focus on the leisure market, but on business and event customers instead. In addition, 28 respondents had leisure as well as business or event guests as a target market.

Table 8.5: Profile of Respondents

Profile Category		Frequency (Valid N)	Percentage (%)
Gender	Male	28	45.9
	Female	33	54.1
Age	24 and below	6	9.8
	25-34	19	31.1
	35-44	12	19.7
	45-54	15	24.6
	55 and over	9	14.8
Education	Without university degree	34	55.7
	With university degree	27	44.3
Management Position	General Manager	47	77.0
	Owner	14	23.0
Years Experience	3 years and below	7	11.5
	3-6 years	7	11.5
	6-9 years	11	18.0
	9-12 years	12	19.7
	12 years and over	24	39.3
Rooms	30 or less	25	41.1*
	31-60	12	19.7
	61-90	13	21.3
	91-120	6	9.8
	121-150	3	4.9
	More than 151	2	3.3
Employees	30 or less	29	47.5
	31-60	13	21.3
	61-90	10	16.4
	91-120	6	9.8
	121-150	0	0
	More than 151	3	4.9
Stars	4	45	73.8
	5	16	26.2
Location	Major City	15	24.7*
	Provincial Town	9	14.8
	Inland Rural	24	39.3
	Coastal Resort	11	18.0
	Other	2	3.2
Target Market	Leisure	58	-
	Business	26	-
	Events and Conferences	18	-
	Other	3	-

∗   *May not add up due to rounding*
N=61

8.4 Confirmatory Factor Analysis

The next step of the analysis involved confirmatory factor analysis. As part of this analysis, all factors were sorted into the four BSC categorises according to previous literature and the researcher's experience as shown in section 6.5.1 and Table 8.6. In order to perform a confirmatory factor analysis in SmartPLS, a model was drawn as shown in Figure 8.1. As the second order factor, overall performance consisted of the seven following measurement items: "Overall, I

believe we are successful; Overall, I believe our profitability is satisfactory, I believe our market share is satisfactory, I believe our sales are satisfactory, I believe our RevPAR is satisfactory, I believe in comparison to our competitors we are successful, I believe we are successful compared to last year's performance". The first order factors are based on the four BSC categories and factors were allocated based on previous research as well as the researchers' expertise.
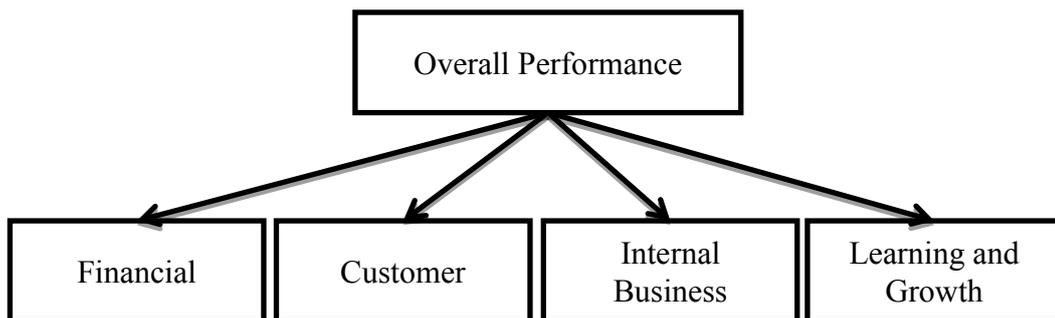
Figure 8.1: Confirmatory factor analysis model in SmartPLS

As a first step of confirmatory analysis, all factors remained within the model, divided into the four BSC categories as shown in Table 8.6.

Table 8.6: Factors categorised into Balanced Scorecard

Financial Perspective	Customer Perspective
Revenue control Cost control Accurate financial reporting Proper financial management Return on investment Profit maximization Yield maximisation (occupancy & average room rate) Managing working capital/ cash flow Effective control of staff costs	Customer retention Customer loyalty/repeat business Guest satisfaction (service), good ratings Exceeding customer needs and expectations
Internal/ Business Processes	**Learning and Growth**
Consistent service standards Hygiene and cleanliness Quality Standards Clear objectives and goals Clear strategies Communication of strategy Clear lines of communication/ interdepartmental communication Clear delegation of authority Management, leadership Operational controls Effective Marketing and Sales Providing competitive offers Creating unique selling points Efficient operations Providing quality of ambience and environment Guest bedroom comfort level Providing high quality facilities Ensuring appearance of facilities is attractive Top Management commitment Reputation Achieving market penetration in target market Benchmarking and competition comparison Provision of value for money Use of online platforms for guest acquisition Evaluation of data/information gathered Provision of fast wireless and cable internet Appropriate integration of systems (IT) supporting efficiency Attractiveness of website Long term planning/strategic approach	Staff training Well-trained, high quality staff Employee commitment Strong Leadership/ Staff management Enough manning to deliver 4/5 star service Staff friendliness Ensuring staff are motivated and passionate Ensuring staff have communication skills Organisational skills Flexible staff Providing and enforcing standard operating procedures Proactive staff Interpersonal qualities of staff Strong management team on operational level Clear understanding of vision/mission and objectives of company

However, the inclusion of all factors resulted in less than satisfactory AVE factors as shown in Table 8.7. In particular, the AVE for internal processes (0.432) has been less than satisfactory. In order to ascertain internal reliability, AVE scores have to be above 0.5 (Hair et al., 2011). In addition, standardised factor loadings below 0.7 are considered problematic and should be considered for deletion (Hulland, 1999). Items such as CSF 37 (Use of online platforms for guest

acquisition) had a particularly low loading with 0.295 and had to be deleted in order to increase the internal reliability. The same applies to CSF 26 (creating unique selling points) with a standardised factor loading of 0.572, CSF 35 and 36 (benchmarking and competition comparison, provision of value for money) with 0.572 and 0.548. Further CSFs which were well below the desired threshold of 0.7 were CSF 44 and 45 (evaluation of data/information gathered, provision of fast wireless and cable internet) with standardised factor loadings of 0.581 and 0.392 and 51 and 52 (appropriate integration of systems (IT) supporting efficiency, attractiveness of website) with 0.511 and 0.458 respectively in the internal process category.

Within the financial category, only CSF 9 (profit maximisation) scored a standardised factor loading below the threshold of 0.7 narrowly missing it with a score of 0.692 and therefore making it a candidate for elimination. The other CSF (4-8, 12, 48 and 49) all scored above 0.7 meaning they could be retained for further analysis.

The customer category retained all four CSFs, however with CSF 46 just scoring 0.700. CSF 10, 11 and 16 were well above the 0.7 threshold with scores of 0.906, 0.919 and 0.802 respectively. Due to the small number of CSFs being grouped in this category it is not surprising that standardised factor loadings are higher within the group as they inevitably share higher factor loadings.

The final category of learning and growth scored relatively good standardised factor loadings with only CSF 1 (staff training) scoring below 0.7 with a standardised factor loading of 0.687. All other CSFs in this category (2, 3, 38, 39, 40 and 41) scored between 0.706 and 0.849 as can be reviewed in Table 8.3.

Table 8.7: First Trial of Confirmatory Factor Analysis

1st Order Construct		Items	Standardised factor loadings	CCR[a]	AVE[b]
Financial	CSF4	Revenue Control	0.812	0.9386	0.6303
	CSF5	Cost control	0.836		
	CSF6	Accurate financial reporting	0.888		
	CSF7	Proper financial management	0.813		
	CSF8	Return on Investment	0.738		
	CSF9	Profit Maximization	0.692		
	CSF12	Yield maximization (occupancy & average room rate)	0.761		
	CSF48	Managing working capital/ cash flow	0.796		
	CSF49	Effective control of staff costs	0.793		
Customer	CSF10	Customer retention	0.906	0.9019	0.6993
	CSF11	Customer loyalty/repeat business	0.919		
	CSF16	Guests satisfaction (service), good ratings	0.802		
	CSF46	Exceeding customer needs and expectations	0.700		
Internal Process	CSF13	Consistent service standards	0.615	0.9565	0.4322
	CSF14	Hygiene and cleanliness	0.572		
	CSF15	Quality standards	0.768		
	CSF17	Clear Objectives and Goals	0.756		
	CSF18	Clear Strategies	0.726		
	CSF19	Communication of Strategy	0.819		
	CSF20	Clear lines of communication/ interdepartmental communication	0.724		
	CSF21	Clear delegation of authority	0.764		
	CSF22	Management/leadership	0.827		
	CSF23	Operational Control	0.859		
	CSF24	Effective Marketing and Sales	0.642		
	CSF25	Providing competitive offers	0.640		
	CSF26	Creating unique selling points	0.572		
	CSF27	Efficient operations	0.792		
	CSF28	Providing quality of ambience and environment	0.764		
	CSF29	Guest bedroom comfort level	0.618		
	CSF30		0.698		
	CSF31	Ensuring appearance of facilities is attractive	0.689		
	CSF32	Top management commitment	0.703		
	CSF33	Reputation	0.538		
	CSF34	Achieving market penetration in target market	0.664		
	CSF35	Benchmarking and competition comparison	0.572		
	CSF36	Provision of value for money	0.548		
	CSF37	Use of online platforms for guest acquisition	0.295		
	CSF44	Evaluation of data/information gathered	0.581		
	CSF45	Provision of fast wireless and cable internet	0.392		
	CSF51	Appropriate integration of systems	0.511		

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		(IT) supporting efficiency			
	CSF52	Attractiveness of website	0.458		
	CSF55	Long term planning/ strategic approach	0.663		
	CSF56	Clear understanding of vision/ mission and objectives of company	0.571		
Learning and Growth	CSF1	Staff Training	0.687	0.9583	0.6232
	CSF2	Well-trained high quality staff	0.706		
	CSF3	Employee commitment	0.732		
	CSF38	Strong leadership/ staff management	0.849		
	CSF39	Enough manning to deliver 4/5 star service	0.787		
	CSF40	Staff friendliness	0.709		
	CSF41	Ensuring staff are motivated and passionate	0.848		
	CSF42	Ensuring staff have communication skills	0.852		
	CSF43	Organisational skills	0.878		
	CSF47	Flexible staff	0.785		
	CSF50	Providing and enforcing standard operating procedures	0.757		
	CSF53	Proactive staff	0.874		
	CSF54	Interpersonal qualities of staff	0.858		
	CSF57	Strong management team on operational level	0.686		

Another factor that required the author to run a different set of CSFs for the confirmatory factor analysis was the fact that square root of average variance extracted (AVE) for each construct (Financial, Customer, Internal process and Learning and Growth) should be higher than inter-construct AVE scores. As shown in Table 8.8 this was not the case with the original model including all CSFs. Highlighted in light grey in the first column, the inter-construct AVE score for financial and internal process (0.805) is higher than the financial AVE score for itself (0.794). Similarly, in row three the inter-construct AVE score for Financial and Internal Process is again higher (0.805) than the Eigen-AVE for Internal Process with 0.658. The same applies to the inter-construct correlation scores for Learning and Growth which has a squared AVE of 0.789 however a higher inter-construct correlation with internal processes with 0.888. Therefore, the reliability of the constructs is not confirmed and further confirmatory factor analysis had to be conducted in order to increase the reliability.

Table 8.8: Construct inter-correlations, means and standard deviations

Constructs of Hotel Performance	Correlation of constructs			
	(1)	(2)	(3)	(4)
(1) Financial	**0.794**			
(2) Customer	0.520	**0.836**		
(3) Internal Process	0.805	0.646	**0.658**	
(4) Learning and Growth	0.741	0.688	0.888	**0.789**

Note: Diagonal elements in the "correlation of constructs" matrix are the square root of average variance extracted (AVE). For adequate discriminant validity, diagonal elements should be greater than corresponding off-diagonal elements.

[a.] Scale: from 1=not critical at all, 5=highly critical

In order to do this, further analysis was conducted through the deletion of constructs in order to increase the reliability of the model. Through the continuous deletion of factors, the reliability of the model increased little by little. This process consists of combining the various CSFs in different arrangements within the Smart PLS software and running the PLS algorithm on each model to obtain individual AVE, CCR and standardised factor loading scores for each model. As there is no automated method for optimal construct arrangement determination due to the multiple parameters used to develop a satisfactory model, this involves trial and error for each proposed configuration. As the factors with overall high standardised factor loadings do not automatically result in high overall AVE scores, the process of confirming the set of factors to be used can take several dozen trials.

A satisfactory result was achieved and is shown in Table 8.9. It shows the final results of the confirmatory factor analysis with overall high standardised factor loadings, composite construct reliability scores and high AVE results. The strength of the factors is supported as they all have standardised factor loading of above 0.7 (Hulland, 1999). The composite construct reliability scores are also all above 0.8 which is considered very high and reliable (Hair et al., 2011).

Table 8.9: Reliability and Validity Test Results of the Confirmatory Factor Analysis

1st Order Construct		Items	Standardised factor loadings	CCR[a]	AVE[b]
Financial	CSF4	Revenue Control	0.845		
	CSF5	Cost control	0.865		
	CSF6	Accurate financial reporting	0.892	0.929	0.723
	CSF7	Proper financial management	0.858		
	CSF12	Yield maximization (occupancy & average room rate)	0.792		
Customer	CSF10	Customer retention	0.877		
	CSF11	Customer loyalty/repeat business	0.888		
	CSF16	Guests satisfaction (service), good ratings	0.800	0.904	0.702
	CSF46	Exceeding customer needs and expectations	0.782		
Internal Process	CSF13	Consistent service standards	0.821		
	CSF14	Hygiene and cleanliness	0.771		
	CSF15	Quality standards	0.813	0.884	0.605
	CSF29	Guest bedroom comfort level	0.723		
	CSF31	Ensuring appearance of facilities is attractive	0.756		
Learning and Growth	CSF1	Staff Training	0.800		
	CSF2	Well-trained high quality staff	0.826		
	CSF3	Employee commitment	0.808	0.898	0.637
	CSF40	Staff friendliness	0.801		
	CSF41	Ensuring staff are motivated and passionate	0.754		

[a] Composite Construct Reliability
[b] Average Variance Extracted

Next to confirming the reliability and validity based on standardised factor loading, CCR and AVE, it is important to review the squared AVE in relation to their correlation with other constructs as no squared AVE should be bigger than the correlation with another construct (Hensseler et al., 2009). Table 8.10 shows the testing of the validity based on the squared AVE scores and supports the overall strength of the model.

Table 8.10: Construct inter-correlations, means and standard deviations

Constructs of Hotel Performance	Correlation of constructs				Mean [a]	SD
	(1)	(2)	(3)	(4)		
(1) Financial	**0.850**				4.066	0.805
(2) Customer	0.551	**0.838**			4.262	0.768
(3) Internal Process	0.764	0.651	**0.778**		4.403	0.571
(4) Learning and Growth	0.644	0.773	0.592	**0.798**	4.210	0.681

Note: Diagonal elements in the "correlation of constructs" matrix are the square root of average variance extracted (AVE). For adequate discriminant validity, diagonal elements should be greater than corresponding off-diagonal elements.

[a] Scale: from 1=not critical at all, 5=highly critical

Overall, the confirmatory factor analysis, using SmartPLS, has provided the first step in the provision of a set of CSFs for the four and five star UK hotel sector. According to the analysis there are:

- Five factors within the financial category
    - Revenue Control, Cost control, Accurate financial reporting, Proper financial management, Yield maximization - occupancy & average room rate

- Four factors within the customer category
    - Customer retention, Customer loyalty/repeat business, Guests satisfaction -service -good ratings, Exceeding customer needs and expectations

- Five factors within the internal business processes category
    - Consistent service standards, Hygiene and cleanliness, Quality standards, Guest bedroom comfort level, Ensuring appearance of facilities is attractive

- Five factors within the learning and growth category
    - Staff Training, Well-trained high-quality staff, Employee commitment, Staff friendliness, Ensuring staff are motivated and passionate

Although the CSFs used for each area of the BSC were determined by the confirmatory factor analysis, they also satisfy the requirement of the CSF approach of limiting CSFs to 4-8 points which can reasonably well be managed by the cognitive abilities of humans.

8.5 Analysis of mean, standard deviation and variance scores of final set of CSFs

After having identified the final set of CSFs that are applicable to the four and five star hotel industry during the confirmatory factors analysis, this next step of analysis looks at descriptive statistics of each factor within each of the four BSC categories in more detail. Table 8.11 summarises the descriptive statistics for the five factors within the financial BSC category. Starting off with the highest mean score, Yield maximisation (occupancy and average room rate) had the highest mean with 4.20 and the lowest standard deviation of 0.726 and an overall low variance of 0.527. Yield maximisation can therefore be considered the strongest CSFs within the financial BSC category for the four and five star UK hotel sector. Accurate financial reporting however, had the lowest average mean with 3.89 and consequently a relatively high standard deviation of 1.127 and a variance of 1.270 and is therefore the weakest CSFs within the set of financial factors.

Table 8.11: Descriptive Statistics Finance

	N	Range	Min	Max	Mean	Std. Deviation	Variance
Revenue Control	61	3	2	5	4.05	.921	.848
Cost control	61	3	2	5	4.11	.896	.803
Accurate financial reporting	61	3	2	5	3.89	1.127	1.270
Proper financial management	61	4	1	5	4.08	1.038	1.077
Yield maximization (occupancy & average room rate)	61	3	2	5	4.20	.726	.527

In Table 8.12, the descriptive statistics for the customer category of the BSC are presented. Within this category, the CSF of customer retention had the overall highest mean score of 4.41 with a standard deviation of 0.824 and variance of 0.679 and is therefore the strongest factor. Exceeding customer needs and expectations had the lowest mean of 3.97 and a high standard deviation of 1.140.

This is in line with the confirmatory factor analysis presented in Table 8.9 where Exceeding customer needs and expectations was the factor with the lowest standardised factor loadings. Therefore, this CSF is the weakest within the customer BSC set.

Table 8.12: Descriptive Statistics Customers

	N	Range	Min	Max	Mean	Std. Deviation	Variance
Customer retention	61	3	2	5	4.41	.824	.679
Customer loyalty/repeat business	61	4	1	5	4.36	.913	.834
Guests satisfaction (service), good ratings	61	3	2	5	4.31	.807	.651
Exceeding customer needs and expectations	61	3	2	5	3.97	1.140	1.299

The descriptive statistics for the internal business processes category are presented in Table 8.13. Hygiene and cleanliness received overall the highest scores and achieved an overall mean score of 4.66, which represents the highest mean score across all categories. The standard deviation of hygiene and cleanliness as well as the variance were very low with 0.680 and 0.463 respectively. Compared to the previous two BSC categories, all five factors received relatively high mean scores. Nevertheless, within the internal business processes category, the CSF of Ensuring appearance of facilities is attractive received the lowest mean score with 4.25 and a standard deviation of 0.722. Taking into account previous results for standard deviation, this score is still considered very low and highly satisfactory.

Table 8.13: Descriptive Statistics Internal Business Processes

	N	Range	Min	Max	Mean	Std. Deviation	Variance
Guest bedroom comfort level	61	3	2	5	4.36	.753	.568
Ensuring appearance of facilities is attractive	61	2	3	5	4.25	.722	.522
Consistent service standards	61	3	2	5	4.43	.784	.615
Hygiene and cleanliness	61	3	2	5	4.66	.680	.463
Quality standards	61	3	2	5	4.33	.724	.524

Table 8.14 presents descriptive statistics for the last BSC category namely Learning and Growth. Within this category, Staff friendliness had the highest mean score with 4.41 but a standard deviation of 0.804 while Employee commitment had a mean of 4.20 but only a standard deviation of 0.749. Ensuring staff are motivated and passionate received the lowest mean scores with 4.00 and a relatively high standard deviation of 0.983.

Table 8.14: Descriptive Statistics Learning and Growth

	N	Range	Min	Max	Mean	Std. Deviation	Variance
Staff Training	61	3	2	5	4.21	.915	.837
Well-trained high quality staff	61	3	2	5	4.21	.798	.637
Employee commitment	61	2	3	5	4.20	.749	.561
Staff friendliness	61	4	1	5	4.41	.804	.646
Ensuring staff are motivated and passionate	61	4	1	5	4.00	.983	.967

8.6 Analysis of Moderating Variables

In this section, a closer look will be taken at a number of variables within the sample characteristics and can be used to sub-divide the data set according to a number of hotel characteristics. In addition, these varaiables may prove relevant to further act as moderating variables within the set of CSFs for each group as identified and confrmed by the confirmatory factor analysis. As part of the underlying goal of this study to derive a set of CSFs for the four and five star UK hotel industry, it is important to analyse whether there are differences in the four and five star results to ensure that differences in the unique aspects of both categories are taken into consideration. Therefore, the differences between four and five star properties have to be looked at to determine whether there are significant differences. In addition, three further moderating variables were used to allow for further customisation of CSFs priority for a number of different hotel scenarios. In order to achieve this, and for the purpose of this study independent T-tests were used to determine whether the difference in results of two groups of respondents was achieved by chance or whether there was a meaningful difference between them. In addition, the mean, standard deviation and standard error mean are reported. While the mean allows for a quick evaluation of the mean score for

each CSF within the category and hotel star rating, and therefore gives an indication of the overall importance of the CSF, it must be considered in relation to the outcome of the t-test significance score reported in Table 8.16 below, which presents the independent sample t-test results. The standard deviation provides information about the average distance of data points from the mean if they were plotted on a distribution graph. Hence, the higher the variance in the data set, the higher the standard deviation will be. The standard error mean refers to the average error of the reported mean for the entire population from which the data sample was collected. Furthermore, unless stated otherwise, the reported p value for the independent t-tests is the result of a two tailed t-test where the "Levene's Test for Equality of Variances" p value was found to be above 0.05 and therefore equal variances can be assumed for the two groups. Therefore, if p=<0.05 for Levene's test, equal variances for the two groups can are not assumed and the respective p value is reported in addition to the t-test p value. Finally, due to the small sample size, p (significance) values for the two tailed t-tests could indicate non-significance in the differences between sub-groups while in fact these differences are important. This is a common problem when dealing with small sample sizes. Cornish (2006, p.1) showed that by increasing "your sample size you increase the precision of your estimates, […] the greater the sample size the more 'statistically significant' the result will be. In other words, if an investigation is too small then it will not detect results that are in fact important."

8.6.1 Differences between hotel scores for CSFs according to Hotel Star rating

This sub-section presents the results of the independent t-tests for each of the balanced scorecard categories, split according to four and five star hotels results. Within this sub-section any reference to the CSFs statistical significance levels refers strictly to the differences between the results of the two sub-categories of four and five star hotel answers. Table 8.15 presents the descriptive statistics of the independent t-tests performed for the financial factors split by the star ratings of four and five star hotels. As can be seen, the cases for the four star category were 45 and 16 for the five star category.

Table 8.15: Independent Sample T-Test Financial Factors According to Star Rating

	Hotel Category	N	Mean	Std. Deviation	Std. Error Mean
Revenue Control	4	45	4.04	.903	.135
	5	16	4.06	.998	.249
Cost control	4	45	4.13	.842	.126
	5	16	4.06	1.063	.266
Accurate financial reporting	4	45	3.89	1.092	.163
	5	16	3.88	1.258	.315
Proper financial management	4	45	4.07	1.053	.157
	5	16	4.13	1.025	.256
Yield maximization (occupancy & average room rate)	4	45	4.18	.684	.102
	5	16	4.25	.856	.214

By looking at the mean scores for the two groups of four and five star hotels, one can see that there are minor differences in the mean values attributed to each CSF by participants of each group. These differences are very small with 0.02 of a difference for the CSF of "revenue control" and barely any difference with 0.01 for "accurate financial reporting". The largest difference in this category was 0.07 for the CSF of "yield maximisation" and "cost control". Finally, "proper financial management" has a difference of 0.06 in the mean score between the categories of four and five stars.

In order to interpret these differences as to the significance of these findings in claiming that there is a statistical difference between the results of four and five star hotels, these results have to be looked at in relation to the independent sample t-test significance scores in Table 8.16.

Table 8.16: Independent Samples Test Financial Factors According to Star Rating

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Revenue Control	Equal variances assumed	.405	.527	-.067	59	.947	-.018	.270	-.559	.523
	Equal variances not assumed			-.064	24.312	.950	-.018	.284	-.603	.567
Cost control	Equal variances assumed	4.231	.044	.269	59	.789	.071	.263	-.455	.597
	Equal variances not assumed			.241	22.071	.812	.071	.294	-.538	.680
Accurate financial reporting	Equal variances assumed	1.809	.184	.042	59	.967	.014	.331	-.648	.676
	Equal variances not assumed			.039	23.530	.969	.014	.354	-.718	.746
Proper financial management	Equal variances assumed	.067	.796	-.192	59	.849	-.058	.304	-.668	.551
	Equal variances not assumed			-.194	27.081	.848	-.058	.300	-.675	.558
Yield maximization (occupancy & average room rate)	Equal variances assumed	1.129	.292	-.339	59	.736	-.072	.213	-.498	.354
	Equal variances not assumed			-.305	22.185	.764	-.072	.237	-.564	.419

The very small difference in mean scores for all CSFs in the financial category suggests that these differences are not statistically significant, but in order to be sure the significance scores above underline this assumption. In order for any mean score to be statistically significant the generally accepted level of confidence must be at 95 percent and therefore the significance score should be below the level of 0.05.

As can be seen in the above Table 8.16 all scores lie well above this significance threshold. In particular, the score for "proper financial management" is extremely high with 0.849 representing a clear cut answer that the differences can be attributed to variations in the data set of the sample rather than a meaningful difference between the two groups. The next set of CSFs are those grouped in the category of learning and growth. In total this group contains six CSFs which were again analysed in two groups of four and five star hotels in relation to their differences.

Table 8.17: Independent Sample T-Test Learning and Growth Factors According to Star Rating

	Hotel Category	N	Mean	Std. Deviation	Std. Error Mean
Staff Training	4	45	4.13	.991	.148
	5	16	4.44	.629	.157
Well-trained high quality staff	4	45	4.13	.842	.126
	5	16	4.44	.629	.157
Employee commitment	4	45	4.13	.726	.108
	5	16	4.38	.806	.202
Staff friendliness	4	45	4.27	.863	.129
	5	16	4.88	.500	.125
Ensuring staff are motivated and passionate	4	45	3.93	.986	.147
	5	16	4.19	.981	.245

Generally, the means for both groups are again relatively close together for each CSF with a difference of 0.31 for "staff training" and "well trained high quality staff"; 0.25 for "employee commitment"; a slightly larger gap of 0.61 for "staff friendliness" and only 0.26 for "ensuring staff are motivated and passionate". So while there are some differences in the means, especially for staff friendliness with over 0.5, this does not allow the conclusion that it is a significant difference without the significance scores.

Table 8.18 again shows that all but one CSF do not meet the minimum significance threshold of 0.05. Only CSF "staff friendliness" is significant to a 0.001 level thus representing a confidence level of 99.9 percent that the difference observed in the mean scores of staff friendliness is not by chance but actually a difference in the importance of this CSF in four and five star hotel operations.

Table 8.18: Independent Samples Test Learning and Growth Factors According to Star Rating

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Staff Training	Equal variances assumed	2.889	.094	-1.145	59	.257	-.304	.266	-.836	.227	
	Equal variances not assumed			-1.410	41.990	.166	-.304	.216	-.740	.131	
Well-trained high quality staff	Equal variances assumed	1.141	.290	-1.317	59	.193	-.304	.231	-.766	.158	
	Equal variances not assumed			-1.511	35.310	.140	-.304	.201	-.713	.104	
Employee commitment	Equal variances assumed	1.092	.300	-1.111	59	.271	-.242	.218	-.677	.194	
	Equal variances not assumed			-1.056	24.214	.301	-.242	.229	-.714	.230	
Staff friendliness	Equal variances assumed	4.647	.035	-2.655	59	.010	-.608	.229	-1.067	-.150	
	Equal variances not assumed			-3.391	46.029	.001	-.608	.179	-.969	-.247	
Ensuring staff are motivated and passionate	Equal variances assumed	.009	.924	-.887	59	.379	-.254	.287	-.828	.319	
	Equal variances not assumed			-.889	26.548	.382	-.254	.286	-.841	.333	

The next set of t-tests are presented for the category of internal business processes. Again, the differences between the mean scores are quite small, with 0.28 being the largest for "consistent service standards". As one would expect, the five star category scored this factor higher as was the case with all other factors in this category. "Ensuring appearance of facilities is attractive" received an almost identical score of 4.24 and 4.25 for four and five star properties respectively.

Table 8.19: Independent Sample T-Test Internal Business Processes Factors According to Star Rating

	Hotel Category	N	Mean	Std. Deviation	Std. Error Mean
Consistent service standards	4	45	4.38	.747	.111
	5	16	4.56	.892	.223
Hygiene and cleanliness	4	45	4.60	.720	.107
	5	16	4.81	.544	.136
Quality standards	4	45	4.27	.720	.107
	5	16	4.50	.730	.183
Guest bedroom comfort level	4	45	4.33	.769	.115
	5	16	4.44	.727	.182
Ensuring appearance of facilities is attractive	4	45	4.24	.679	.101
	5	16	4.25	.856	.214

In addition, the significance scores for the Levene's test show that except for "hygiene and cleanliness" all CSFs have a score well in the area of insignificance, therefore confirming the assumption of equal distribiuton of variance. Hygiene and cleanliness, on the other hand misses the threshold for significance of the Levnene's test by 0.01 with a score of 0.06 as can be seen in Table 8.20 resulting in a insignificant score for the t-test of 0.287. The remaining CSFs are also not statistically significant for the differences of mean scores between four and five star hotels.

Table 8.20: Independent Samples Test Internal Business Processes Factors According to Star Rating

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Consistent service standards	Equal variances assumed	.025	.875	-.807	59	.423	-.185	.229	-.643	.273
	Equal variances not assumed			-.741	22.934	.466	-.185	.249	-.701	.331
Hygiene and cleanliness	Equal variances assumed	3.686	.060	-1.074	59	.287	-.213	.198	-.608	.183
	Equal variances not assumed			-1.227	34.889	.228	-.213	.173	-.564	.139
Quality standards	Equal variances assumed	.113	.738	-1.110	59	.272	-.233	.210	-.654	.187
	Equal variances not assumed			-1.102	26.092	.281	-.233	.212	-.669	.202
Guest bedroom comfort level	Equal variances assumed	.030	.863	-.472	59	.639	-.104	.221	-.546	.338
	Equal variances not assumed			-.485	27.783	.632	-.104	.215	-.545	.336
Ensuring appearance of facilities is attractive	Equal variances assumed	2.923	.093	-.026	59	.979	-.006	.212	-.430	.419
	Equal variances not assumed			-.023	22.089	.981	-.006	.237	-.497	.485

The final category is that of customer CSFs. Again, only minor differences in mean scores are observable amongst the first three CSFs with only "exceeding customer needs and expectations" jumping out with a solid difference of 0.64. In addition, the standard deviation for the four star category of "exceeding customer needs and expectations" is much higher than any other CSF category in this group with a score of 1.179 and only second to the five star "accurate financial reporting" group with 1.258.

Table 8.21: Independent Sample T-Test Customer Factors According to Star Rating

	Hotel Category	N	Mean	Std. Deviation	Std. Error Mean
Customer retention	4	45	4.36	.883	.132
	5	16	4.56	.629	.157
Customer loyalty/repeat business	4	45	4.31	.996	.148
	5	16	4.50	.632	.158
Guests satisfaction (service), good ratings	4	45	4.24	.802	.120
	5	16	4.50	.816	.204
Exceeding customer needs and expectations	4	45	3.80	1.179	.176
	5	16	4.44	.892	.223

The reason it is mentioned here is the fact that although "accurate financial reporting" has a higher standard deviation within the five star data set, so does the four star category; while in this case, "exceeding customer needs and expectations" has a very high standard deviation for within the four star category but not within the five star category. Furthermore, looking at the significance score in Table 8.22, it becomes apparent that this difference is indeed significant to the level of 0.031 as the Levene's test is also significant to the level of 0.033 and therefore an andjustment is made for the t-test results. Therefore, while other factors do have high standard deviations they are mostly the same for both categories stemming from the fact that within both groups the individual scores were widely distributed across the Likert scale. In this case, four star hotels scored "exceeding customer needs and expectations" widely across the Likert scale showing the different opinions about importance while five star hotels mostly agreed that this CSF is important with a high mean score of 4.44 and a low standard deviation of 0.892.

Table 8.22: Independent Samples Test Customer Factors According to Star Rating

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Customer retention	Equal variances assumed	1.609	.210	-.861	59	.393	-.207	.240	-.688	.274	
	Equal variances not assumed			-1.009	37.158	.320	-.207	.205	-.622	.209	
Customer loyalty/repeat business	Equal variances assumed	2.364	.129	-.707	59	.482	-.189	.267	-.723	.345	
	Equal variances not assumed			-.871	41.985	.389	-.189	.217	-.627	.249	
Guests satisfaction (service), good ratings	Equal variances assumed	.017	.897	-1.090	59	.280	-.256	.235	-.725	.214	
	Equal variances not assumed			-1.080	26.017	.290	-.256	.237	-.742	.231	
Exceeding customer needs and expectations	Equal variances assumed	4.774	.033	-1.967	59	.054	-.638	.324	-1.286	.011	
	Equal variances not assumed			-2.245	34.847	.031	-.638	.284	-1.214	-.061	

As mentioned above, the significance score of 0.031 represents the significance of the differences between the two groups at a confidence level of 96.9 percent. Nonetheless, the result of these t-tests show that within the set of CSFs confirmed through the confirmatory factor analysis, the number of CSFs that are significantly different for the categories of four and five star hotels are only two. This means that while the importance for four and five star properties is the same between 17 of the 19 CSFs identified, the weightings could be different for four and five star properties for two factors when implemented within their business strategies. Of course, different types of hotels will have different CSFs according to numerous factors which cannot exhaustively be listed, however clear differences such as star ratings, location, size and ownership structure are covered in this and the next sections.

8.6.2 Differences between hotel scores for CSFs according to Hotel Location

The second moderating factor that was used for the analysis was that of location. While the original questionnaire provided four categories (Major City, Provincial Town, Coastal Resort, Rural) the analysis was performed as a standard two tailed t-test with two categories (Urban, Rural) instead of four way ANOVA analysis due to sample size constraints. This resulted in two categories whereby 17 responses can be classified as urban hotel responses and 44 as rural as presented in Table 8.23.

Table 8.23: Independent Sample T-Test Financial Factors According to Location

	Location	N	Mean	Std. Deviation	Std. Error Mean
Revenue Control	Urban	17	3.88	.781	.189
	Rural	44	4.11	.970	.146
Cost control	Urban	17	3.82	.951	.231
	Rural	44	4.23	.859	.129
Accurate financial reporting	Urban	17	3.94	1.144	.277
	Rural	44	3.86	1.133	.171
Proper financial management	Urban	17	4.24	.903	.219
	Rural	44	4.02	1.089	.164
Yield maximization (occupancy & average room rate)	Urban	17	4.18	.809	.196
	Rural	44	4.20	.701	.106

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By analysisng the mean scores bewtween the different sub-groups, a number of differences appear that can be reported. While the mean differences for the CSFs of "yield maximisation" and "accurate financial reporting" are very low with 0.02 and 0.10 respectively, the differences between the other three CSFs are much larger. Deltas for "proper financial management", "revenue control" and "cost control" are 0.22, 0.23 and 0.41 respectively, all with acceptable standard deviations below one except for rural hotels on "proper financial management" where it raises slightly above one with 1.089. In addition, the lowest combined CSF within this group is "accurate financial reporting" where both urban and rural hotels scored below four with 3.94 and 3.86. However, consensus within the sub-groups, does not seem as high as the other sub-groups as both groups have a standard deviation above one with 1.144 and 1.133 making them the highest in this sub-group.

Considering the results of the Levene's test for equality of variances presented in Table 8.24, an adjustment is made for the calculation of the t-test significance scores for "revenue contol" as it is significant to the 0.027 level, resulting in a p value of 0.340 for the t-test. All other CSFs score above the significance level for the Levene's test. T-test results indicate that the differences in mean scores for financial CSFs split for location are not statistically significant.

Table 8.24: Independent Sample T-Test Financial Factors According to Location

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
									Lower	Upper
Revenue Control	Equal variances assumed	5.116	.027	-.878	59	.383	-.231	.263	-.758	.296
	Equal variances not assumed			-.966	35.975	.340	-.231	.239	-.717	.254
Cost control	Equal variances assumed	.014	.907	-1.598	59	.115	-.404	.253	-.909	.102
	Equal variances not assumed			-1.526	26.690	.139	-.404	.265	-.947	.139
Accurate financial reporting	Equal variances assumed	.028	.868	.239	59	.812	.078	.324	-.572	.727
	Equal variances not assumed			.238	28.877	.814	.078	.326	-.589	.744
Proper financial management	Equal variances assumed	1.004	.320	.714	59	.478	.213	.298	-.383	.808
	Equal variances not assumed			.776	34.907	.443	.213	.274	-.343	.768
Yield maximization (occupancy & average room rate)	Equal variances assumed	.085	.772	-.134	59	.894	-.028	.209	-.446	.390
	Equal variances not assumed			-.126	25.836	.901	-.028	.223	-.486	.430

The group of customer CSFs split according to location scored above four consistently except for "Exceeding customer needs and expectations" for urban hotels. In fact, this sub-group is not only the lowest mean score for the entire group of customer factors, but the lowest individual sub-group score across all moderating factors. While the sub-group for rural hotels averages much higher with 4.16, both sub-groups in this CSF category have standard deviations above one indicating some degree of dissent amongst respondents. Despite the higher standard deviation, a mean delta of 0.69 indicates that there might be some clear differences in opinion as to how important this CSF is.

Table 8.25: Independent Sample T-Test Customer Factors According to Location

	Location	N	Mean	Std. Deviation	Std. Error Mean
Customer retention	Urban	17	4.29	.686	.166
	Rural	44	4.45	.875	.132
Customer loyalty/repeat business	Urban	17	4.24	.752	.182
	Rural	44	4.41	.972	.147
Guests satisfaction (service), good ratings	Urban	17	4.12	.857	.208
	Rural	44	4.39	.784	.118
Exceeding customer needs and expectations	Urban	17	3.47	1.231	.298
	Rural	44	4.16	1.055	.159

The remaining four CSFs have much smaller mean differences between sub-groups although they are still significant compared to other groups. Differences are 0.16, 0.17 and 0.27 for the remaing three in the order displayed in Table 8.25, all with low to acceptable standard deviations.

Significance levels for the Levene's test are all well above 0.05 therefore satisfying the assumption of equality of variance as shown in Table 8.26. The first three CSFs fail the t-tests in terms of significance indicating that the differences reported above are not statistically significant. However, the last CSF "exceeding customer needs and expectations" scored a 0.033 indicating that statistical significance is confirmed.

Table 8.26: Independent Sample T-Test Customer Factors According to Location

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Customer retention	Equal variances assumed	.684	.412	-.679	59	.500	-.160	.236	-.634	.313
	Equal variances not assumed			-.756	36.990	.455	-.160	.212	-.591	.270
Customer loyalty/repeat business	Equal variances assumed	.599	.442	-.663	59	.510	-.174	.262	-.698	.351
	Equal variances not assumed			-.743	37.489	.462	-.174	.234	-.648	.300
Guests satisfaction (service), good ratings	Equal variances assumed	.249	.619	-1.169	59	.247	-.269	.230	-.728	.191
	Equal variances not assumed			-1.123	26.958	.271	-.269	.239	-.760	.222
Exceeding customer needs and expectations	Equal variances assumed	1.724	.194	-2.181	59	.033	-.689	.316	-1.320	-.057
	Equal variances not assumed			-2.036	25.612	.052	-.689	.338	-1.384	.007

The mean scores for the sub groups of internal factors were all at least four or above. Standard deviations were also well below one with the the highest being 0.870 and going as low as 0.493. The differences between the sub-group mean scores were very small for the CSFs of "consistent service standards" with 0.06, "hygiene nad cleanliness" with 0.01, "quality standards" with 0.03 and "guest bedroom comfort level" with 0.07. The remaining CSF of "ensuring appearance of facilities is attractive" had a higher delta associated to the sub-groups with 0.34 representing a sizable gap in the perception of importance for urban and rural hotels in comparison to the other CSFs in this group.

The assumption of Levene's test for equality of variance holds true for all CSFs even if "hygiene and cleanliness" just barely falls within this category with a score of 0.052. The results of the two tailed t-tests indicate that all CSFs fail to reach the required 0.05 for the confirmation of statistical significance, although "ensuring appearance of facilities is attractive" comes much closer to doing so with a significance score of 0.099 compared to all other CSFs in this group with scores of 0.0745 or above.

Table 8.27: Independent Sample T-Test Internal Factors According to Location

	Location	N	Mean	Std. Deviation	Std. Error Mean
Consistent service standards	Urban	17	4.47	.624	.151
	Rural	44	4.41	.844	.127
Hygiene and cleanliness	Urban	17	4.65	.702	.170
	Rural	44	4.66	.680	.103
Quality standards	Urban	17	4.35	.493	.119
	Rural	44	4.32	.800	.121
Guest bedroom comfort level	Urban	17	4.41	.870	.211
	Rural	44	4.34	.713	.108
Ensuring appearance of facilities is attractive	Urban	17	4.00	.707	.171
	Rural	44	4.34	.713	.108

Table 8.28: Independent Sample T-Test Internal Factors According to Location

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
									Lower	Upper
Consistent service standards	Equal variances assumed	1.364	.248	.272	59	.786	.061	.226	-.390	.513
	Equal variances not assumed			.311	39.292	.757	.061	.198	-.338	.461
Hyginene and cleanliness	Equal variances assumed	.052	.821	-.061	59	.951	-.012	.196	-.404	.380
	Equal variances not assumed			-.061	28.325	.952	-.012	.199	-.419	.395
Quality standards	Equal variances assumed	4.935	.030	.167	59	.868	.035	.208	-.382	.452
	Equal variances not assumed			.205	47.066	.839	.035	.170	-.307	.376
Guest bedroom comfort level	Equal variances assumed	.339	.563	.327	59	.745	.071	.217	-.363	.505
	Equal variances not assumed			.299	24.767	.767	.071	.237	-.417	.559
Ensuring appearance of facilities is attractive	Equal variances assumed	2.089	.154	-1.677	59	.099	-.341	.203	-.748	.066
	Equal variances not assumed			-1.684	29.370	.103	-.341	.202	-.755	.073

The final group of CSFs in this section of splits for the moderating factor of location is those of learning and growth factors. The differences between the mean scores for these sub-groups are relatively large compared to the other groups. Whilst the smallest difference is 0.05 for the CSF of "staff training", there is a gap to a moderate delta of 0.16 for "staff friendliness" which are the smaller differences between sub-groups. Larger differences for the remaining three factors are shown in Table 8.29 with deltas of 0.30 for "well trained high quality staff", 0.36 for "emplyee commitment" and 0.40 for "ensuring staff are motivated and passionate".

Table 8.29: Independent Sample T-Test Learning and Growth Factors According to Location

	Location	N	Mean	Std. Deviation	Std. Error Mean
Staff Training	Urban	17	4.18	.809	.196
	rural	44	4.23	.961	.145
Well-trained high quality staff	Urban	17	4.00	.866	.210
	Rural	44	4.30	.765	.115
Employee commitment	Urban	17	3.94	.899	.218
	Rural	44	4.30	.668	.101
Staff friendliness	Urban	17	4.29	.686	.166
	Rural	44	4.45	.848	.128
Ensuring staff are motivated and passionate	Urban	17	3.71	1.047	.254
	Rural	44	4.11	.945	.143

Generally, "ensuring staff are motivated and passionate" scored quite low overall, especially for the sub-group of urban hotels with a mean score of 3.71. The consensus amongst this sub-group appears to be slightly lower than the others as it also scored the highest standard deviation of 1.047. The highest mean score was recorded for "staff friendliness" in the sub-group of rural hotels with 4.45.

Once more, for all factors the assumption of equality of variances holds true, with "emplyee commitment" just doing so with 0.052 as shown in Table 8.30. The results of the independent two tailed t-tests indicate that the differences in mean score reported in Table 8.29 are statistically not significant although "employee commitment" comes close with a p value of 0.098.

Table 8.30: Independent Sample T-Test Learning and Growth Factors According to Location

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Staff Training	Equal variances assumed	2.359	.130	-.193	59	.848	-.051	.263	-.578	.476	
	Equal variances not assumed			-.208	34.406	.836	-.051	.244	-.546	.445	
Well-trained high quality staff	Equal variances assumed	.291	.592	-1.304	59	.197	-.295	.227	-.749	.158	
	Equal variances not assumed			-1.233	26.213	.229	-.295	.240	-.788	.197	
Employee commitment	Equal variances assumed	3.929	.052	-1.682	59	.098	-.354	.211	-.776	.067	
	Equal variances not assumed			-1.475	23.145	.154	-.354	.240	-.851	.142	
Staff friendliness	Equal variances assumed	.201	.655	-.696	59	.489	-.160	.231	-.622	.301	
	Equal variances not assumed			-.765	35.816	.449	-.160	.210	-.586	.265	
Ensuring staff are motivated and passionate	Equal variances assumed	2.049	.158	-1.466	59	.148	-.408	.278	-.964	.149	
	Equal variances not assumed			-1.401	26.689	.173	-.408	.291	-1.005	.190	

8.6.3 Differences between hotel scores for CSFs according to Hotel Size

This sub-section covers the results of the t-tests performed for the moderating variable of size. As described already, previous literature utilised the rough categorisation of hotels into a number of sizes. For the purpose of this study, based on previous literature and the number of respondents, the cut-off threshold for the separation between small and medium/large hotels is established as 50 rooms. Therefore, the following paragraphs will analyse the CSFs results according to the four categories of the BSC split by size.

Table 8.31 shows the descriptive statistics for financial CSFs split by hotel size. As indicated by "N" the number of hotels in each group is very similar compared to the split for star ratings with 28 cases for hotels bigger than 50 rooms and 33 cases for properties with less than 50 rooms.

Table 8.31: Independent Sample T-Test Financial Factors According to Size

	Number of rooms	N	Mean	Std. Deviation	Std. Error Mean
Revenue Control	>= 50	28	3.96	.881	.167
	< 50	33	4.12	.960	.167
Cost control	>= 50	28	4.00	.903	.171
	< 50	33	4.21	.893	.155
Accurate financial reporting	>= 50	28	3.96	1.071	.202
	< 50	33	3.82	1.185	.206
Proper financial management	>= 50	28	4.29	.854	.161
	< 50	33	3.91	1.156	.201
Yield maximization (occupancy & average room rate)	>= 50	28	4.18	.723	.137
	< 50	33	4.21	.740	.129

Overall, the mean scores for the financial factors according to size are fairly similar with "proper financial management" scoring the highest for properties larger than 50 rooms with 4.29 and "accurate financial reporting" the lowest for hotels smaller than 50 rooms with 3.82 representing a gap of 0.47. Compared with financial factors split for star rating, the differences between the categories of small and medium/large hotels are more obvious. As Table 8.31 shows, the difference between small and medium/large hotels for "revenue control" is 0.16. differences for "cost control" and "proper financial management" are even starker with 0.21 and 0.38 respectively. "Accurate financial reporting" scored relatively low with 3.82 for small properties, as the lowest for the group as indicated above,

and 3.96 for medium/larger hotels with a gap of 0.14. Finally, "yield maximisation" was the most consistent CSF for size comparisons showing a minute difference with 0.03 between the two groups.

Table 8.32 presents the significance scores for financial factors split for hotel size. As the significance scores for Levene's test show, all financial factors can be assumed to be equal in variance. As a result, the significance scores for the two tailed t-tests show that the differences are not significant at n=61. Generally, all the results are well above the significance threshold of 0.05, with the closest CSF being proper financial management with 0.159 representing just over three times the accepted t-score.

Table 8.32: Independent Samples Test Financial Factors According to Size

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Revenue Control	Equal variances assumed	2.960	.091	-.660	59	.512	-.157	.238	-.632	.319
	Equal variances not assumed			-.665	58.615	.509	-.157	.236	-.629	.315
Cost control	Equal variances assumed	.253	.617	-.920	59	.361	-.212	.231	-.674	.249
	Equal variances not assumed			-.919	57.186	.362	-.212	.231	-.674	.250
Accurate financial reporting	Equal variances assumed	1.329	.254	.501	59	.618	.146	.291	-.437	.729
	Equal variances not assumed			.506	58.743	.615	.146	.289	-.432	.724
Proper financial management	Equal variances assumed	3.193	.079	1.425	59	.159	.377	.264	-.152	.906
	Equal variances not assumed			1.460	57.991	.150	.377	.258	-.140	.893
Yield maximization (occupancy & average room rate)	Equal variances assumed	.139	.711	-.178	59	.859	-.034	.188	-.410	.343
	Equal variances not assumed			-.179	57.800	.859	-.034	.188	-.409	.342

Progressing to the category of customer CSFs, all mean scores are above 4 except "exceeding customer needs and expectations" for medium/large hotels. The consensus amongst the respondents also seems to have been relatively strong as 5 out of 8 CSFs have standard deviation values below 1 and the remaining three just edging over 1 with 1.177 being the highest standard deviation for "exceeding customer needs and expectations" for medium/large hotels.

Table 8.33: Independent Sample T-Test Customer Factors According to Size

	Number of rooms	N	Mean	Std. Deviation	Std. Error Mean
Customer retention	>= 50	28	4.54	.637	.120
	< 50	33	4.30	.951	.166
Customer loyalty/repeat business	>= 50	28	4.39	.786	.149
	< 50	33	4.33	1.021	.178
Guests satisfaction (service), good ratings	>= 50	28	4.14	.803	.152
	< 50	33	4.45	.794	.138
Exceeding customer needs and expectations	>= 50	28	3.86	1.177	.223
	< 50	33	4.06	1.116	.194

Within the CSF groups split according to hotel size, the largest mean difference is 0.31 for "guest satisfaction/good ratings" whereby smaller hotels ranked this to be more critical to success. As a result, when checking the significance scores for the two tailed t-tests in Table 8.34 the differences between small and large hotels appear to be not significant at n=61 with the closest being "guest satisfaction/good ratings" with a significance score of 0.134 whereby the assumption of equality was met with 0.910. This is the result of the larger difference in mean score and the relatively high consensus within the two sub-groups (small vs medium/large) as indicated by the standard deviation of 0.803 for medium/large hotels and 0.794 for small hotels.

Table 8.34: Independent Sample T-Test Customer Factors According to Size

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
									Lower	Upper
Customer retention	Equal variances assumed	2.888	.095	1.101	59	.275	.233	.211	-.190	.656
	Equal variances not assumed			1.136	56.172	.261	.233	.205	-.178	.643
Customer loyalty/repeat business	Equal variances assumed	.285	.595	.252	59	.802	.060	.237	-.414	.533
	Equal variances not assumed			.257	58.496	.798	.060	.232	-.404	.523
Guests satisfaction (service), good ratings	Equal variances assumed	.013	.910	-1.519	59	.134	-.312	.205	-.722	.099
	Equal variances not assumed			-1.518	57.171	.135	-.312	.205	-.723	.099
Exceeding customer needs and expectations	Equal variances assumed	.634	.429	-.692	59	.492	-.203	.294	-.792	.385
	Equal variances not assumed			-.689	56.274	.494	-.203	.295	-.795	.388

As indicated at the beginning of section 8.6, the relatively small smaple sizes (n=61 for this study) can often lead results not being significant, whereas larger sample sizes would lead to significant results. As the sample size is the same for all the presented t-tests this needs to be considered throughout.

Internal Factors split according to property size were again all relatively high with all CSFs scoring above 4.00. Consensus within each CSF sub-group was very high through all groups as indicated by the standard deviation whereby all scores were below 0.84. Even the differences between the sub-groups' mean scores for all CSFs were a maximum of 0.12 for "quality standards" and "ensuring appearance of facilities is attractive". The remaining three CSFs had even lower mean score differences of 0.06, 0.02 and 0.07 as shown in Table 8.35.

Table 8.35: Independent Sample T-Test Internal Factors According to Size

	Number of rooms	N	Mean	Std. Deviation	Std. Error Mean
Consistent service standards	>= 50	28	4.39	.786	.149
	< 50	33	4.45	.794	.138
Hyginene and cleanliness	>= 50	28	4.68	.612	.116
	< 50	33	4.64	.742	.129
Quality standards	>= 50	28	4.39	.567	.107
	< 50	33	4.27	.839	.146
Guest bedroom comfort level	>= 50	28	4.32	.772	.146
	< 50	33	4.39	.747	.130
Ensuring appearance of facilities is attractive	>= 50	28	4.18	.723	.137
	< 50	33	4.30	.728	.127

One difference that can be reported in this set of CSFs is the Levene's test for equality of variances score for "quality standards" with a significance score of 0.044. As a result, equal variances are not assumed and the adjusted value for the two tailed t-test must be reported, although this still represents a non-significance in the differences between small and medium/large hotels for "quality standards". In fact, Table 8.36 clearly shows that all p values for the two tailed t-tests indicate insignificant differences between the sub-categories.

Table 8.36: Independent Sample T-Test Internal Factors According to Size

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Consistent service standards	Equal variances assumed	.010	.922	-.304	59	.762	-.062	.203	-.468	.345
	Equal variances not assumed			-.304	57.581	.762	-.062	.203	-.468	.345
Hyginene and cleanliness	Equal variances assumed	.377	.541	.240	59	.812	.042	.176	-.310	.395
	Equal variances not assumed			.243	58.960	.809	.042	.173	-.305	.389
Quality standards	Equal variances assumed	4.224	.044	.643	59	.523	.120	.187	-.254	.494
	Equal variances not assumed			.663	56.354	.510	.120	.181	-.243	.483
Guest bedroom comfort level	Equal variances assumed	.102	.750	-.372	59	.711	-.073	.195	-.463	.318
	Equal variances not assumed			-.371	56.733	.712	-.073	.196	-.464	.319
Ensuring appearance of facilities is attractive	Equal variances assumed	.240	.626	-.667	59	.507	-.124	.186	-.498	.249
	Equal variances not assumed			-.668	57.529	.507	-.124	.186	-.498	.249

Learning and growth factors follow the pattern of the other categories in that the mean scores cluster around four if the whole Likert scale is considered. Once more, all but one sub-group are above 4 with "ensuring staff are motivated and passionate" for medium/large hotels scoring an average of 3.86. The standard deviation for that sub-group is also the largest in this category with 1.145 representing the higher degree of disagreement between respondents. The same applies for "staff training" for hotels of 50 rooms or less where the mean score is above four but agreement between respondents is lower compared to all other factors with a standard deviation of 1.015.

Table 8.37: Independent Sample T-Test Learning and Growth Factors According to Size

	Number of rooms	N	Mean	Std. Deviation	Std. Error Mean
Staff Training	>= 50	28	4.43	.742	.140
	< 50	33	4.03	1.015	.177
Well-trained high quality staff	>= 50	28	4.29	.763	.144
	< 50	33	4.15	.834	.145
Employee commitment	>= 50	28	4.04	.838	.158
	< 50	33	4.33	.645	.112
Staff friendliness	>= 50	28	4.39	.629	.119
	< 50	33	4.42	.936	.163
Ensuring staff are motivated and passionate	>= 50	28	3.86	1.145	.216
	< 50	33	4.12	.820	.143

However, more significantly for the staff training CSF is the difference between mean score within the sub-categories of 0.40 between small and medium/large hotels. This represents the strongest difference within learning and growth CSFs sub-groups and is also represented in a very high significance score of 0.090 compared to all other CSFs in Table 8.30. Although still below the generally accepted threhhold of 0.05 for significance, it is a difference to the remaining factors in this group and could become significant with a larger data set.

Although the other CSFs within the category of learning and growth do have some variations within their mean scores, standard deviation results indicate a coherent response pattern which coupled with the p values for the t-tests appear to be the result of statistical variation instead of decisive differences in responses.

Table 8.38: Independent Sample T-Test Learning and Growth Factors According to Size

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Staff Training	Equal variances assumed	2.642	.109	1.722	59	.090	.398	.231	-.065	.861
	Equal variances not assumed			1.766	57.815	.083	.398	.226	-.053	.850
Well-trained high quality staff	Equal variances assumed	.002	.962	.651	59	.517	.134	.206	-.278	.547
	Equal variances not assumed			.656	58.639	.514	.134	.205	-.275	.544
Employee commitment	Equal variances assumed	1.602	.211	-1.566	59	.123	-.298	.190	-.678	.083
	Equal variances not assumed			-1.533	50.274	.132	-.298	.194	-.688	.092
Staff friendliness	Equal variances assumed	1.168	.284	-.151	59	.881	-.031	.208	-.448	.385
	Equal variances not assumed			-.156	56.231	.877	-.031	.202	-.435	.373
Ensuring staff are motivated and passionate	Equal variances assumed	8.265	.006	-1.046	59	.300	-.264	.252	-.769	.241
	Equal variances not assumed			-1.018	47.936	.314	-.264	.259	-.785	.257

As was the case with "staff training", the significance scores for the t-tests of "employee commitment" and "ensuring staff are motivated and passionate" are well above the threshold of 0.05 but close enough within range of significance that additional data could make a change with scores of 0.123 and 0.314 respectively. Lastly, it must be pointed out that "ensuring staff are motivated and passionate" failed to pass the assumption of equality with a Levene's test for equality of variances significance score of 0.006, thus the above reported t-test score is adjusted to account for this. These findings conclude the differences of CSFs scores according to the moderating factor of size. Section 8.6.3 therefore covers the final moderating factor of ownership structure.

8.6.4 Differences between hotel Scores for CSFs according to Hotel Ownership Structure

This sub-section presents the final set of independent t-test results whereby the CSFs have been split according to the ownership structure of the hotel within each category of the balanced scorecard. To recap, although by no means exhaustive, for the purpose of this study and as a result of the sample size, the two categories used are chain hotels and independent hotels. Table 8.39 provides an overview of the results for the moderating factor split wherby for this category the total number of respondents for the t-test is 58 (N=58).

Table 8.39: Independent Sample T-Test Financial Factors According to Ownership Structure

	Hotel type	N	Mean	Std. Deviation	Std. Error Mean
Revenue Control	Independant	46	3.98	.977	.144
	Chain	12	4.25	.622	.179
Cost control	Independant	46	4.11	.849	.125
	Chain	12	4.17	.937	.271
Accurate financial reporting	Independant	46	3.74	1.124	.166
	Chain	12	4.42	.900	.260
Proper financial management	Independant	46	3.98	.954	.141
	Chain	12	4.58	.900	.260
Yield maximization (occupancy %; average room rate)	Independant	46	4.22	.629	.093
	Chain	12	4.17	.835	.241

The reduction in comparison to the other t-tests stems from the selection of three participants who chose to select the category "other" for the question of hotel type in the questionnaire. Futhermore, the distribution of responses is far from equal

with responses from independent hotels outnumbering those from chain hotels just under four times. Therefore, while the results of the t-test are perfectly valid even at very low sample sizes, more data would increase the stengths of the findings and significantly improve the likelihood of finding statistically significant differences between sub-groups. Mean scores in this group are slightly more varied compared to the other groups, athough total variances between mean scores are significantly higher for two out of the five CSFs. These two are "accurate financial reporting" and "proper financial management" with differences between sub-group mean scores of 0.68 and 0.60 respectively with both CSFs scoring the higher mean score for chain hotels. The highest and lowest sub-group mean scores can also be found within these two CSFs whereby "proper financial management" for chain hotels scores the highest sub-group score of 4.58 with strong inter-group consensus as represented by a standard deviation of 0.900 and "accurate financial reporting" for independent hotels scores 3.74 with a larger variance of group responses as indicated by the standard deviation of 1.24. The remining three CSFs are similar with small deltas and low standard deviations.

In terms of t-test significance scores as presented in Table 8.40, the differences appear to be non-significant for four CSFs. With "accurate financial reporting" failing Levene's test for equality of variances and the resulting adjusted significance score being 0.039, a significant difference between chain and independant hotels is confirmed. While this study adopted the generally accepted significance cut-off level of 0.05, an argument could be made that the other CSF of "proper financial management"; with a significant difference in mean score, it should be considered significant too (t-test p-value = 0.053) by adjusting the expected level of significance for factors to be considered as such.

Table 8.40: Independent Sample T-Test Financial Factors According to Ownership Structure

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Revenue Control	Equal variances assumed	3.688	.060	-.913	56	.365	-.272	.298	-.868	.325
	Equal variances not assumed			-1.181	27.015	.248	-.272	.230	-.744	.200
Cost control	Equal variances assumed	.041	.840	-.206	56	.837	-.058	.281	-.621	.505
	Equal variances not assumed			-.194	16.035	.848	-.058	.298	-.690	.574
Accurate financial reporting	Equal variances assumed	4.425	.040	-1.928	56	.059	-.678	.351	-1.381	.026
	Equal variances not assumed			-2.198	20.921	.039	-.678	.308	-1.319	-.036
Proper financial management	Equal variances assumed	.608	.439	-1.978	56	.053	-.605	.306	-1.218	.008
	Equal variances not assumed			-2.047	18.014	.055	-.605	.296	-1.226	.016
Yield maximization (occupancy & average room rate)	Equal variances assumed	.111	.740	.232	56	.817	.051	.219	-.387	.489
	Equal variances not assumed			.196	14.426	.847	.051	.258	-.502	.603

Customer factors split for ownership show a similar picture as the financial factors in that there are some CSFs that are similar between the sub-groups and some that are not. Two out of four CSFs score similar mean scores with differences between the sub-groups of 0.15 and 0.03 for "customer retention" and "customer loyalty/repeat business" respectively as shown in Table 8.41. The other two CSFs have significnltly higher mean deltas with 0.60 and 0.35 for "guest satisfaction (service), good ratings" and "exceeding customer needs and expectations" respectively. In both cases independent hotels scored these two CSFs much higher compared to chain hotels and standard deviation scores for "guest satisfaction (service), good ratings" indicate strong inter-sub-group consensus while "exceeding customer needs and expectations" seems to have a much higher variance amongst both sub-groups.

Table 8.41: Independent Sample T-Test Customer Factors According to Ownership Structure

	Hotel type	N	Mean	Std. Deviation	Std. Error Mean
Customer retention	Independent	46	4.48	.781	.115
	Chain	12	4.33	.778	.225
Customer loyalty/repeat business	Independent	46	4.39	.829	.122
	Chain	12	4.42	.793	.229
Guests satisfaction (service), good ratings	Independent	46	4.43	.750	.111
	Chain	12	3.83	.835	.241
Exceeding customer needs and expectations	Independent	46	4.02	1.105	.163
	Chain	12	3.67	1.303	.376

Interpreting these mean scores alongside the significance scores for the t-tests as presented in Table 8.42, shows that while all factors pass the Levene's test for equality of variance, the resulting mean scores indicate only "guest satisfaction (service), good ratings" to be statistically significant in the differences between the sub-groups below the 0.05 level at 0.019.

Table 8.42: Independent Sample T-Test Customer Factors According to Ownership Structure

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Customer retention	Equal variances assumed	.052	.821	.573	56	.569	.145	.253	-.362	.652
	Equal variances not assumed			.574	17.251	.573	.145	.253	-.387	.677
Customer loyalty/repeat business	Equal variances assumed	.003	.957	-.095	56	.925	-.025	.267	-.559	.509
	Equal variances not assumed			-.098	17.820	.923	-.025	.260	-.571	.520
Guests satisfaction (service), good ratings	Equal variances assumed	.195	.660	2.418	56	.019	.601	.249	.103	1.100
	Equal variances not assumed			2.268	15.945	.038	.601	.265	.039	1.164
Exceeding customer needs and expectations	Equal variances assumed	1.934	.170	.955	56	.344	.355	.372	-.390	1.100
	Equal variances not assumed			.866	15.387	.400	.355	.410	-.517	1.227

The table header spans "Independent Samples Test".

Overall, the mean scores are relatively consistent throught this group as they are all well above four. The largest difference between sub-groups is 0.28 for "guest bedroom comfort level" where chain hotels considered this to be more important with a quite high mean score of 4.58 compared to independent hotels with 4.30. The highest mean score was 4.83 for "hygiene and cleanliness" for chain hotels with a very small standard deviation of 0.389 representing very high levels of sub-group consensus and therefore making this an interesting factor to monitor. Independent hotels, although lower, also scored this factor relatively highly with 4.63, however standard deviation increased to 0.711 indicating inter-sub-group consensus to be lower but comparable to other CSFs.

Table 8.43: Independent Sample T-Test Internal Factors According to Ownership Structure

	Hotel type	N	Mean	Std. Deviation	Std. Error Mean
Consistent service standards	Independant	46	4.46	.751	.111
	Chain	12	4.42	.669	.193
Hygiene and cleanliness	Independant	46	4.63	.711	.105
	Chain	12	4.83	.389	.112
Quality standards	Independant	46	4.33	.701	.103
	Chain	12	4.42	.515	.149
Guest bedroom comfort level	Independant	46	4.30	.785	.116
	Chain	12	4.58	.515	.149
Ensuring appearance of facilities is attractive	Independant	46	4.22	.728	.107
	Chain	12	4.25	.754	.218

The CSF sub-groups for the remaining factors are also presented in the above table but have no significant results to report with minor differences in mean scores. In relation to the t-test results presented in Table 8.43, it is notable that the CSF for "hygiene and cleanliness" very narrowly passes the Levene's test for equality of variances with 0.052, while all other pass with much higher margins. The significanve scores for the CSFs are all well above 0.05 and are therefore not significant. The closest CSF is the "guest bedroom comfort level" to potentially reach the threshold with a significance score of 0.250, although is additional data changes the distribiuton in an unfavourable way, the Levene's test (currently 0.135) could be failed in which case the adjusted significance score would apply which is already closer to significance with 0.151.

Table 8.44: Independent Sample T-Test Internal Factors According to Ownership Structure

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Consistent service standards	Equal variances assumed	.212	.647	.167	56	.868	.040	.239	-.438	.518	
	Equal variances not assumed			.179	18.943	.860	.040	.223	-.426	.506	
Hyginene and cleanliness	Equal variances assumed	3.950	.052	-.949	56	.347	-.203	.214	-.631	.226	
	Equal variances not assumed			-1.321	32.441	.196	-.203	.154	-.516	.110	
Quality standards	Equal variances assumed	1.864	.178	-.418	56	.678	-.091	.217	-.525	.344	
	Equal variances not assumed			-.500	22.897	.622	-.091	.181	-.465	.284	
Guest bedroom comfort level	Equal variances assumed	2.299	.135	-1.163	56	.250	-.279	.240	-.759	.201	
	Equal variances not assumed			-1.481	26.046	.151	-.279	.188	-.666	.108	
Ensuring appearance of facilities is attractive	Equal variances assumed	.010	.920	-.137	56	.891	-.033	.238	-.508	.443	
	Equal variances not assumed			-.134	16.756	.895	-.033	.243	-.545	.480	

The final group of CSFs are those for the learning and growth category. While two of the five sub-groups ("staff traing" with 0.47 and "ensuring staff are motivated and passionate" with 0.27) have a noticeable difference in mean scores the remaining three CSFs have much smaller variation between 0.03 and 0.14. In addition, "ensuring staff are motivated and passionate" has the lowest overall mean score for both sub-groups with a mean of 4.04 for independent hotels and 3.67 for chain hotels which is the only CSF sub-group with a mean score below four and a standard deviation above one. Standard deviations for the remaining sub-groups are comparable to other BSC groups below one.

Table 8.45: Independent Sample T-Test Learning and Growth Factors According to Ownership Structure

	Hotel type	N	Mean	Std. Deviation	Std. Error Mean
Staff Training	Independent	46	4.11	.971	.143
	Chain	12	4.58	.515	.149
Well-trained high quality staff	Independant	46	4.22	.728	.107
	Chain	12	4.25	.866	.250
Employee commitment	Independant	46	4.22	.728	.107
	Chain	12	4.08	.900	.260
Staff friendliness	Independant	46	4.46	.751	.111
	Chain	12	4.33	.778	.225
Ensuring staff are motivated and passionate	Independant	46	4.04	.918	.135
	Chain	12	3.67	1.231	.355

The results of the Levene's test and the significance scores are shown in Table 8.46. All CSFs passed the test for equality of variance, but none seem to be significant in the difference between CSFs sub-group mean scores. Once more, the closest CSF is "staff training" with a p value of 0.109, whereby the Levene's test is 0.090. Similarly to the previous group, this result could change quickly if additional responses shift the variance to fail the test of equality and the adjusted p value for the t-test would be reported as it would change to 0.028.

Table 8.46: Independent Sample T-Test Learning and Growth Factors According to Ownership Structure

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Staff Training	Equal variances assumed	2.985	.090	-1.627	56	.109	-.475	.292	-1.059	.110
	Equal variances not assumed			-2.299	33.784	.028	-.475	.206	-.894	-.055
Well-trained high quality staff	Equal variances assumed	1.249	.269	-.133	56	.895	-.033	.245	-.524	.459
	Equal variances not assumed			-.120	15.298	.906	-.033	.272	-.611	.546
Employee commitment	Equal variances assumed	1.440	.235	.541	56	.591	.134	.248	-.362	.631
	Equal variances not assumed			.477	14.962	.640	.134	.281	-.465	.734
Staff friendliness	Equal variances assumed	.287	.594	.502	56	.618	.123	.245	-.368	.615
	Equal variances not assumed			.492	16.756	.629	.123	.251	-.406	.652
Ensuring staff are motivated and passionate	Equal variances assumed	2.005	.162	1.177	56	.244	.377	.320	-.264	1.018
	Equal variances not assumed			.991	14.349	.338	.377	.380	-.437	1.190

8.7 Summary

This chapter presented the analysis of the Delphi expert rounds and the large-scale questionnaire. It displayed how the initial set of 264 was reduced to 57 factors during the Delphi rounds. Furthermore, this chapter analysed the large-scale questionnaire by presenting demographic information and descriptive statistics as well as the confirmatory factor analysis which led to a final set of 19 factors to be distributed within the four BSC categories. Within this PhD study, the analysis of the large-scale questionnaire resulted in the achievement of the third aim "to empirically measure the most important critical success factors". In addition, this chapter provided the foundation for the development of the proposed framework (representing the fourth aim) which will be presented and discussed in the next chapter.

CHAPTER 9: DISCUSSION

9.1 Introduction

This chapter will focus on the discussion of the findings of the primary data collection by taking previous literature into account. The first section (9.2) will focus on tying the concepts of strategy into the CSFs and BSC approaches and provide a bridging section to the discussion on the primary data collection which is in turn the result of the literature and theory informing this study. The discussion on the results of the primary data collection closely resembles the approach to the actual collection of data which happened in stages. As a result, Section 9.3 discusses the need for fundamental periodic updates and refreshes of CSFs for the concepts of BSC and strategy in order to ensure continued relevance within the business environment. Section 9.4 discusses the implications of the reduction of CSFs within this study for the concept of strategy before Section 9.5 utilises the overall findings to propose a framework for the creation and implementation of strategy within the UK four and five star hotel industry.

9.2 The Relationship between Strategy, CSFs and BSC

This section takes a closer look at how the previously reviewed literature on strategy, CSFs and BSC informed the design, execution and ultimately the proposed framework of this study. As initially reviewed, the view and approach to strategy has shifted significantly over time. Influences on business strategy ranged from military strategy in the early days to the idea that businesses operate in an environmental landscape to which they need to adapt in order to survive.

As outlined in Section 2.2 and argued by Rumelt (1980), the numerous interpretations and applications of the definition of strategy led to a universal agreement that it is everything that is important within the firm but at the same time losing a clearly defined scope making it less important and perhaps obsolete. Other authors such as Haugstad (1999), Markides (2004), Lampel (2009) and Mintzberg et al. (2009) followed with their arguments that the lack of exact understanding as to what strategy is requires the observation of different schools

of thought in order to fully understand the matter. It is with this in mind that the thorough discussion on schools of thought on strategy is included. However, a major contribution of the literature review on schools of thought is the insight that out of all schools of thought covered, none have completely been dismissed. Their application varies and their popularity changes over time but as some elements overlap, and others cover specific areas that increase or decrease in importance over time, different views on strategy, schools of thought or concepts on strategy are used to influence the recommended course of action. Ultimately, although these views on strategy differ significantly they were all driven by the motivation to find the best solution to a fundamental business problem on how to be successful.

The notion of success, touched upon in the initial paragraphs of the CSFs approach is not an easy one. The origins of the word give little guidance as they literally only refer to the process of following a goal. As identified by previous studies (Grisworld, 1934; Hart and Craig, 1993; Smith and Bar-Eli, 2007), there are significant elements that change not only the definition of success (circumstances, topic, what are we looking at) but even the perception of success within these different areas (where do we draw the line at which point something stops being a failure and starts to be successful). Therefore, unless the philosophical definition of personalised success meaning something different to each individual is accepted, then narrowly defined topic, context and situation specific parameters must be defined.

Looking at the literature for the measurement of success in general proved challenging as it revealed highly context-specific definitions of success which varied significantly in nature even within the same fields of study. Even specifically related to business there is much disagreement as to what success really is, although things are starting to move into the directions that are commonly attributed to business. The overall direction that can be identified, setting aside some of the more subjective dimensions such as aspiration or self-actualisation, follows more measurable elements that have a distinct business dimension to them. Giswold (1934) used financial reward as the measure of success while Göbel and Frese (1999) defined a few such as business growth,

business size and employee satisfaction. So picking up the trend from the general sentiment in research, Burgess et al. (1995) concluded that rather than define success in definite terms, it is better suited to define a number of relevant parameters that if achieved would indicate success. This approach is similar to the method of the theory on CSFs, as the CSF approach to business is based on the idea that out of all activities persued in businesses, not all are equally relevant to success (Daniel, 1961; Rockart 1979). As a consequence of this there must be a number of factors that contribute the majority of success and it is those factors that should be used as the definition for it. The interrelatedness of the concept of strategy and success is clear as it is in the very nature of strategising in business to achieve something superior. As inconclusively established but thoroughly implied by the proposed definitions, superiority in business is seen and judged as success.

Therefore, following the argument outlined above and the literature reviewed in Chapter 2, a "crucial" part of strategy is the definition of "objectives and goals" as defined per the positioning school or to achieve the "purpose" of the company in the words of Wit et al. (1998) and Wit and Meyer (2004). The difficulty with making the direct comparisons such as goals being equal to success factors is that the terminology differs for different schools of thought. In addition, the notion that goals equal success factors from which measurement items are derived which shape operational procedures implies a linear approach to strategy formulation and implementation which is true for the classical school, partialy applicable to the neo-classical school but not to the post-classical school of thought (French, 2009). A solution would be the acceptance of the classical positioning school of thought as the underlying approach to strategy especially in the light of the use of the BSC approach in this study, but this would ignore the valid contributions of the other schools of thought. Therefore, the author believes that a less evangelical view on strategy must be assumed especially in the context of this study as it is necessary to acknowledge elements of strategy from all schools as they are represented in the concept of CSFs.

As attempted in the first sentence of the previous paragraph with the use of defining words such as "purpose", "crucial part" of strategy or "objectives and goals" by referring to the wording as used by different scholars or schools of

thought, the concept of using distinct words for differentiation of different views on strategy breaks down at this point. During the years when the idea of CSFs was first introduced by Daniel (1961) to about the late 1980's where the theory had largely been established, numerous scholars had made additions and suggestions to the CSFs approach. Not all of these additions strictly followed a specific view on strategy but were focused on improving the overall approach to CSFs. Although the majority of the work on the CSFs approach is credited to Daniel (1961) and Rockart (1979) there are elements that have implications for the way strategy as a whole is seen that have been contributed by others such as Anthony et al. (1972) and Dickinson et al. (1984). Specifically the contribution by Anthony et al. (1972) and Bullen and Rockart (1981) on the prime sources of CSFs as outlined in section 3.4.1 added a number of significant elements that closer resemple the neo- and post-classical schools of thought. Both these schools of thought combined elements of the underlying principle that one size does not fit all of the neo-classical school and the principles of learning cognition of the post-classical schools of thought into the CSFs approach. These concepts are acknowledged through temporal factors which closely resemble constantly changing environments and emergent themes as well as short term critical factors that account for rapid change. It is this intertwining of a number of different views on strategy that makes the CSFs approach so complex in detail although it seems simple at first. This leads to a number of difficulties in the useful application and implementation of the CSFs approach which is owed to the complexities of the approach which is why a tool for strategy implementation was used for the application of the CSFs approach in this study.

Although there are several methods of business performance measurement beyond the above discussed specific measures, for the context of this study the use of the BSC approach seemed most adequate for a number of reasons. As reviewed in the relevant literature section, the BSC is similar in nature to the CSFs approach as it tracks the goals, the progress towards those goals and the specific incentives in detail. Essentially, the same is true for the CSFs approach as it sets a number of top level CSFs which are then either refined by a number of sub-CSFs and specific measurement items which allow tracking and acting upon. In addition, the hierarchical nature of the BSC closely resembles that of the CSFs. Section 4.3

briefly touches upon the need for the entire organisation to embrace the concept as the operational aspects of businesses are often carried out by "strategic actors" who would often be the middle management (Atkinson, 2006). This also follows the modular approach of the CSFs with its different CSFs at different hierarchical levels. A further reason the BSC approach offers itself to the application of CSFs and strategy formulation and implementation is the fact that it gets rid of the one-dimentional perfomance tracking based on financial performance as it has been done in the past (Kaplan and Norton, 1992). In doing so it picks up on the notion that "soft" factors have to be taken into consideration to grasp a full picture of the situation and to measure actual performance. At this stage reference needs to be made to the linear nature of the BSC approach. It follows very much the notion that there is a clear strategic vision hence following along the lines of the classical school of thought and executes on establishing a clear path to reach the set goal by implementing rigorous and detailed objectives for each area of operation. Rather, it clearly follows fundamental concepts of the neo-classical schools of thought based around the ideas that different configurations of resources and multiple methods get to a desired outcome. Furthermore, it is fundamentally based on the assumption that a specific scorecard is unique for each company as it is more than an overall generic guide to implementation, but guides the specific operational procedures for each firm. As such, it ignores the rigorous separation of concepts presented in previous literature on business strategy and embraces a more pragmatic approach to strategy. In fact it is exactly this separation of theoretical concepts that has been criticised in the past. Views on strategy based on the planning and design school were often thought to ignore the elements of organisational inertia and rely soley on the executive team for the vision of the company (Lynch, 2009).

While this might have been fine in the early days of strategy where many decisions were made from a gut feeling, it is questionable whether this is still true in todays increasingly complex world. In fact, it was found that use of intuition and gut feeling for strategic decision making was negatively correlated to organisational performance in stable environments (Khatri and Ng, 2000).

As such, the clear cut concepts of schools of thought although applicable to the overall definition and categorisation of strategy are often less easily separated when applied in the real world. It is with this need for a pragmatic approach that the BSC approach has morphed into a widely used management tool as it allows the breach of dogmatic paradigms yet structured linear processes.

Finally, the value of both approaches or tools used, the CSFs and BSC approach are designed to simplify the complex and often overburdening concepts of strategy. While they achieve this to some extent, they allow for complex interrelationships within themselves without over-simplifying the complex topic of strategy as is often the criticism with tools like these. Without venturing into the fields of psychology, the reduction of potentially hundreds of CSFs, categories, KPI and other variables tends to overburden people. As early as 1956 George Miller drew on the concept of cognitive capacity of which he argued that humans favour manageable chunks of information of about seven in order to categorise and process things. It is as if human cognition works best in linear and not in parallel and while advances in computer technology have greatly increased the ability to automatically record, monitor, analyse and extract meaningful information for managers, the strategic approach is still defined by humans. It is with this overall goal of the meaningful categorisation, simplification and, importantly, reduction of factors that this study conducted an update of CSFs, the results of which are discussed in the next section covering the importance and implications of the update of CSFs.

9.3 Contribution of the Development of CSFs for the Hotel Industry

According to Long (2014, p. 1), "documenting and updating an organisation's critical success factors allows a corporation to respond to outside forces, redirect internal focus and plan for that success, now and in the future". In addition, the importance of updating CSFs has been strongly supported by Hosseon-Cheraghi et al. (2011, p. 91) stating that "increased competition and globalization of markets facilitated by Internet-based technologies have combined to dramatically change the ranking of factors while introducing new criteria [and that] criteria will

continue to change based on an expanded definition of excellence to include traditional aspects of performance (quality, delivery, price, service) in addition to non-traditional, evolving ones (just-in-time communication, process improvement)". This was furthermore supported by Trkman (2010, p. 129) who proposed a "continuous review and update of performance measurement systems". Chapter 7 presented the results from the update of UK CSFs, which are discussed in the following paragraphs. Tables 7.1 to 7.24 present the results of the primary data analysis, showing an update to the work conducted by Brotherton and Shaw (1996) which is considered the first study on CSFs within the hotel industry.

All factors that emerged throughout the questionnaire analysis that were listed by two or more participants are presented as newly identified CSFs for the UK four and five star hotel context. In total, 30 new factors emerged whereby some of these such as staff training, friendliness or upselling were identified as CSFs within more than one category. Upselling for instance has been the most often identified factor among all participants with six managers identifying upselling as CSF within the reservation department. Furthermore, two managers added that upselling is a critical part of restaurant success. Anderson and Xie (2010) supported the importance of the Revenue and Yield techniques, but concluded that hotels also have to consider upgrading guests in order to ensure satisfaction rates.

Another important contribution to the list of existing CSFs within the hotel context is the addition of technology related factors. In 1996, when Brotherton and Shaw developed the initial CSFs hotel related research, the amount of technology-related factors within hotels has been limited. However, nowadays advanced technologies are present within all areas of operation and strategic planning. Consequently, the participating general managers identified a number of factors relating to technological developments including efficient front office (FO) operating systems, customer relationship management (CRM) systems, regular updates of online prices on intermediaries, availability of in-house technology, Wi-Fi, speed of internet as well as effective use of new media such as social media networks. Beldona and Cobanoglu (2007) already assessed that hotels have to integrate in-room technologies such as smartphone, mp3 player and

laptop chargers in order to cater for the needs of their target market. Back in 2007, Beldona and Cobanoglu concluded that wireless internet is an essential part of customer satisfaction within the lodging industry and therefore it is extremely important to have it as a crucial factor within future CSFs hotel studies which was already confirmed by Avcikurt et al. (2011).

Further CSFs that were newly identified related to clear lines of communication among different departments. Also within the managerial level, five general managers identified effective top-down communication, hotel internal communication and the communication among owners and management as CSFs which is supported by previous research (Aaltonen and Ikavalko, 2002; Longenecker et al. 1999; Ritter, 2003). According to Aaltonen and Ikavalko (2002), communication is one of the most important factors within strategy implementation. In order for employees to work towards the same goal, management has to ensure communication of clear lines of direction and Olve et al. (2000) furthermore revealed that top-management within every organisation has to clearly communicate and embrace the overall strategy. Five general managers within the current study agreed with this point by identifying that effective communication is immensely important for successful hotel operations. This was further supported by Longenecker et al. (1999, p. 506) who felt that "communication is the lifeblood of any organisation and, as a result, when communication breakdowns occur, organisational performance can only suffer" and also Hosseon-Cheraghi et al. (2011) confirmed that just-in-time communication is considered a new success factor within today's highly technical and competitive business environment.

Brotherton (2004a) identified staff empowerment as a CSFs within the budget hotel industry and also within this study of the four and five star sector, two participating general managers revealed empowerment to be a CSFs within the FO department and a further three within the human resources department. De Zilwa and Wong (2012) conducted research on front office staff empowerment within Singapore's luxury hotel sector and concluded that employees with high levels of empowerment are able to deliver stronger and higher quality service which is particularly important within the four and five star hotel industry as it

ensures satisfied guests, repeat business and profitability. According to De Zilwa and Wong (2012, p. 3), "central to the notion of structural empowerment is that it entails the delegation of decision-making prerogatives to employees, along with the discretion to act on one's own initiative". Empowerment enables employees to make instant decisions or fulfil guests' wishes which in turn increases satisfaction rates and ensures that guests receive a high level of service. Raub and Robert (2013) identified that empowerment is particularly successful for operating hotel efficiency and customer service in countries with lower levels of power distance such as the United States, Switzerland or Scandinavian countries while the empowerment of employees within countries with high average levels of power distance such as China or India was concluded to be less successful. Therefore, in terms of future CSFs research it is particularly important to take cultural setting into consideration when identifying and prioritising CSFs.

Finally, touching upon the nature of CSFs in terms of operational versus managerial or strategic, there seems to be a development within research communities that builds on previous work. Within their study, Brotherton and Shaw (1996) focused on operational CSFs for each independent hotel department. When the CSFs approach is originally introduced within an industry, it is important to understand the basics of the approach and to rigorously apply it, which encompasses the thorough examination of low level processes. Also within the IS literature, as identified in Chapter 3, the discussion and focus of research moved from the initial CSFs approach geared to providing specific sets of information towards a focus on strategic CSFs which according to Holland and Light (1999) and Chow and Cao (2007) is the natural step of development. Taking into consideration that the CSFs approach originates in the IS literature, the progress of CSFs research in that field of study has advanced further. In addition, ERP research also mainly focused on strategic CSFs for the later stages of the development (Umble et al., 2003). Within hospitality research, also Avcikurt et al. (2011) progressed towards identifying strategic CSFs within the Turkish SME hotel sector due to the immense importance of CSFs for strategy formulation, indicating a certain maturity of research in this field moving from purely operational CSFs towards including CSFs that are strategic and managerial in nature. This study, identifying CSFs solely based on the industry's point of view,

identified a mix of operational and strategic CSFs within the context of the four and five star UK hotel industry advancing the field of hospitality CSFs research into this more complex strategic area. However, with the addition of more perspectives (operational vs strategic) on CSFs the number of potential CSFs identified grows ever larger.

Table 9.1 summarises the thirty CSFs that were newly identified by the 33 managers to be critical to UK four and five star hotel success. These were factors that were not specified prior to the questionnaire and were not cointained in the original list of possible CSFs derived from literature. This shows that although there were a large number of possible CSFs in literature, changes in all aspects of business might produce new factors.

Table 9.1: New Identified Critical Success Factors

Staff training	Effective sales team	Effective use of new media
Communication	Effective staffing	Interdepartmental communication
Quality of Food presentation	Technology availability	Effective control of staff costs
High level of staff skills	Variety of room amenities	Accurate forecasting
Locally sourced products	Wi-Fi and internet speed	Enhancing staff communications
Efficient staff management / leadership	Regular updates of online prices on intermediaries	In-room amenities up to standard/ Up to date FF&E
Upselling	Good competitor relationships to share business at times	Communications of promotions to appropriate departments
CRM	Proactive staff	Empowerment
Loyalty Programs	Ownership involvement	Effective top-down communication
Multilingual staff	Clear understanding of mission/vision	Long terms planning/strategic approach

From broadly categorising the CSFs contained in Table 9.1 into a number of sub groups, it appears that a a few theme groupings could be made. One of such groupings seems to relate to technology with factors such as "technology availability", "wi-fi and internet speed" and "effective use of new media" but also perhaps "CRM" and "loyalty programs" which tend to be supported greatly by technology and systems integration. The second grouping centers around the concept of business structures and operational routines. Factors pertaining to that category could be "efficient staff management", effective top-down communication" and "accurate forecasting". Finally, there seems to be a grouping

around the concept of factors related specifically to four and five star hotel operations such as "quality of food presentation", "proactive staff" and "variety of room amenities". The remaining factors could be integrated into some of the operational department groupings of the original questionnaire.

In this section, the discussion on the update of CSFs leads to the question of how all these existing, updated and new CSFs can be integrated into meaningful managerial and strategic procedures. In line with the CSFs approach and the BSC tool, the need for a robust but shorter set becomes clear. Therefore section 9.4 will focus on the reduction of CSFs as performed in this study.

9.4 Reduction of CSFs towards a Manageable Set

The reduction of the long list of CSFs became ever more important due to the decision to update and extend the pool of CSFs out of which to derive the final set of CSFs for incorporation into the BSC approach. As described in the methodology, after initial de-duplication and manual data cleaning, a total of 264 factors remained to evaluate in three Delphi rounds. It is extremely important to reduce CSFs in a rigorous manner as the exclusion of factors that are critical to success can lead to a set of suboptimal factors on which operational routines and strategic orientations are based (Okoli and Pawlowski, 2004). Although the process applied for this study was one of multi-disciplinary and multi-organisational expert rounds, individual businesses utilising a similar approach would most likely conduct this process in-house. This means that similarly to some of the shortcomings of the classical strategy schools of thought there is the danger that an external view is omitted (Lynch, 2009). It does however, as proven in this study, allow for inclusion of outside experts, consultants or additional data for decision-making, in line with neo-classical views (Wade and Schneberger, 2006).

One of the strong arguments for conducting the update of CSFs was the fact that the last comprehensive list of CSFs for UK hotels was established in 1996 by Brotherton and Shaw as per their studies (Brotherton and Shaw, 1996) for the general hospitality industry and in 2004 for the budget and corporate hotel sector (Brotherton, 2004a; Brotherton, 2004b). As such, many of the technology related

factors would not have been represented to the degree they are applicable today. In fact, the author believes that there might be a much greater emphasis on technological factors than there was. One of the possibilities would have been that a number of significant CSFs could have presented themselves for inclusion in the BSC approach. Instead, as reported in section 8.2, all technological factors except "provision of fast wireless and cable internet" as well as "appropriate integration of systems (IT)" were excluded through the expert Delphi rounds. In addition, subsequently in the confirmatory factor analysis those two elements were further eliminated based on their inter-construct loadings, allowing the question as to whether these are so called supporting activities after a prominent positioning school model, the value chain.

That the hotel industry is well known to be lacking in technology adaption was confirmed by Piccoli and Dev (2012, p. 6) when they argued the following:

"the hotel industry was initially slow to adopt the internet for marketing purposes. When the worldwide web first opened to commercial traffic in 1993, few people in the hospitality industry foresaw its full commercial possibilities. However, even when it became clear that the internet offered great potential for both disintermediation—by allowing suppliers to interact directly with the consumer— and reintermediation—enabling thebirth and strengthening of a new breed of intermediaries (e.g. Expedia, Travelocity)—the hotel industry maintained a conservative stance".

This was supported by Koutroumanis and Tampa (2011) and Gilbert et al. (2005) who pointed out that the hospitality industry is slower than other industries when it comes to the adoption of new technologies. However, Beldona and Cobanoglu (2007) criticised such statements, arguing that hotels are not slow to adapt to technology in general but to technologies that are related to guest comfort, such as in-room technology. Furthermore, Piccoli and Dev (2012) pointed out that while slowness could be observed at the beginning of online developments, nowadays hotel businesses have embraced to use online platforms as otherwise they would not be competitive. Nevertheless, the usage of online platforms such as Booking.com means that hotels lose high commissions to these online businesses.

Therefore, again it could be argued that hotels have been too slow to see the trend of online bookings and failed to build their own networks in order to save costs as well as retain power and control (Gilbert et al., 2005). Overall, this study investigated the importance of all kinds of technological factors for the success of hotel operations and revealed that none were considered to be critical. Although this study does not investigate or classify the nature of CSFs in terms of their categorisation (section 3.4.2) it could be argued that the proposed additional categorisation by Dickinson et al. (1984) could be applied by classifying technology-related CSFs as future orientated CSFs or if inverted in their formulation as passive CSFs. Therefore, at the moment, all technological related factors were perceived as non-critical to the success of hotel operations; this might change as time progresses. This furthermore relates to the important argument that organisations and industries have to constantly monitor and adapt CSFs.

9.5 Presentation of Proposed Framework

This section presents the achievement of the fourth aim of this PhD research. Figure 8.2 shows the proposed business strategy framework for 4 and 5 star UK hotels, incorporating CSFs within the BSC approach. The basic BSC model was shown in Chapter 4. The original model only consists of the four BSC categories that are interrelated. The framework that resulted from this PhD research used this original model and integrated the CSFs approach for the application within the four and five star UK hotel industry. As thoroughly discussed in section 8.3 in the beginning of the analysis chapter, four to five CSFs were identified by the confirmatory factor analysis to fit into each of the four BSC categories and are implemented into the final framework. In addition, as extensively discussed within the second chapter about business strategy, every business operates in a different environment and business strategy highly depends on different business settings and characteristics. Therefore, the proposed framework of this PhD study accounts for this differences in four and five star hotel characteristics by integrating the external moderating factors of hotel size, ownership structure, location and star rating. Furthermore, the original CSFs approach by Rockart (1979) proposed that environmental and temporal factors influence the strategy of businesses. Therefore, it is vital to implement these two factors into an integrated BSC and CSFs framework.

This was strongly supported by Simpson (2014) who used the 2014 floods in the UK as an example of sudden and unexpected situations that create new CSFs and started an attempt to formalise the processes of identifying temporal factors, managing these short to medium term CSFs and returning to normal operations. In fact, Ritchie (2003) emphasised the need to develop operational routines to deal with crisis and disaster response in particular, but also to develop a strategic review process to systematically scan for short term factors or ad hoc situations that impact normal business operations. Addressing temporal factors from a disaster management perspective again, Tsai and Chen (2011, p. 6) concluded that "planning for such occurrences in the industry is insufficient". It is however important to understand that although temporal factors are most commonly explained in the setting of disaster response, temporal factors can arise from any number of other situation that cause short term matters to be taken care of often displacing other CSFs in importance. Although they are an important element in the overall framework, they cannot be described in much detail due to their nature.

Temporal factors cannot be universally described because of the simple fact that they are short term in nature as their name implies, whereas environmental factors are ever changing such as the current political or economic conditions. For environmental factors on the other hand there are general examples that qualify for any business or industry. These are typically due to the political or economic climate as touched upon in the literature review (Bullen and Rockart, 1981). It is important to remember that although these factors can easily be considered as being beyond a business' control, they are hugely important to monitor and adapt to as they have the potential to significantly influence organisational performance (Babatunde and Adebisi, 2012). However, as important as they are to overall business operations and performance, these too are accounted for in the proposed framework for strategy formulation and implementation for UK four and five star hotels. Both these concepts, temporal and environmental factors, have significant impacts on overall business strategy but do not play a crucial role that needs to be defined through specific factors in the context of this framework.

In order to propose a comprehensive framework the identified CSFs are categorised in the four areas of the BSC and coupled with the hotel specific characteristics as investigated by this study. Furthermore, fundamental elements of the CSFs theory have been maintained in the form of temporal and environmental factors. The resulting proposed framework can be seen in Figure 9.1.
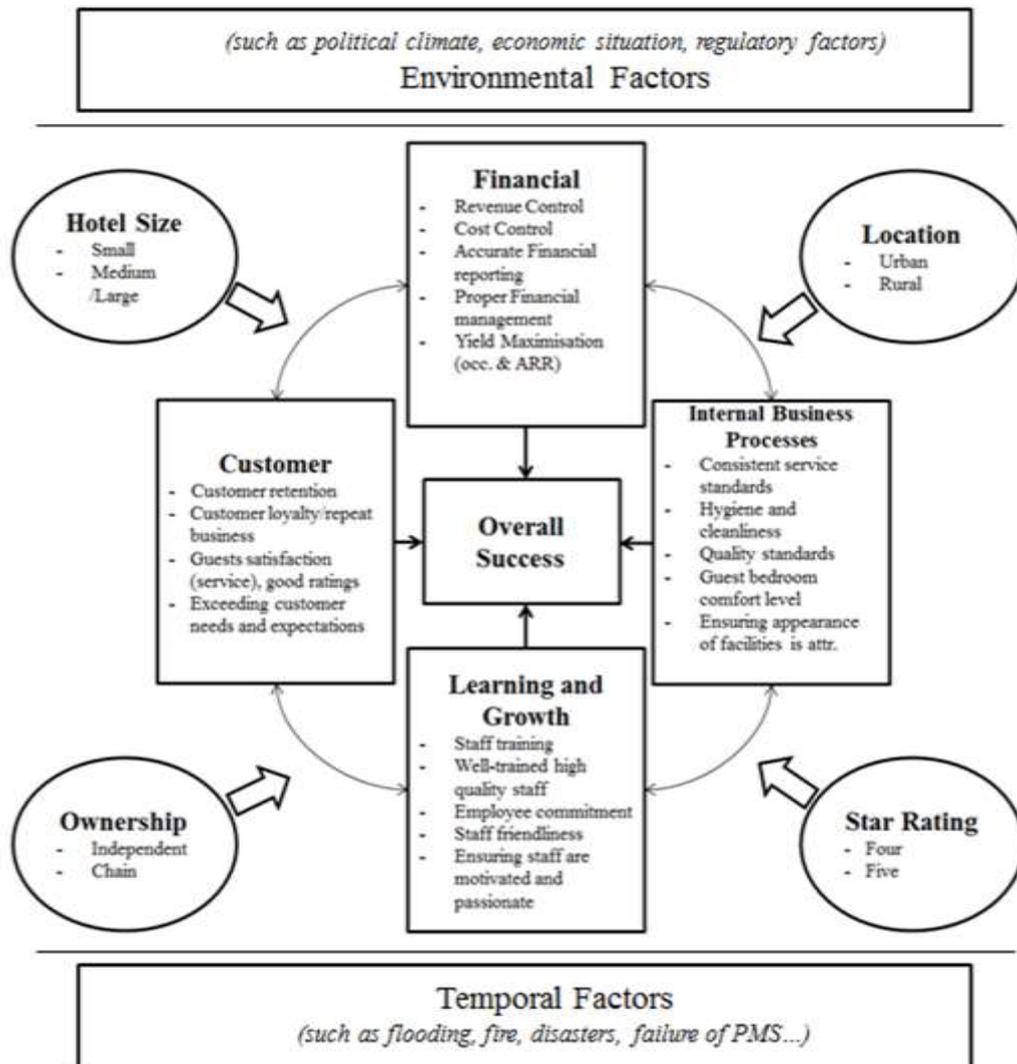
Figure 9.1: Proposed Framework for Strategy Formulation and Implementation for UK Four and Five Star Hotels

Figure 9.1 shows the proposed framework in its basic composition based on the results of the updated CSFs selectors, the reduction of CSFs selectors based on the three rounds of Delphi expert groups, and the Likert scale ranking of the primary

data collection. The following section will deal with different elements of the framework displayed in Figure 9.1 in order to explain the relationships between them. In order to further refine the proposed framework, a number of amendments can be made, namely the ranking of CSFs within each element of the BSC based on the managers perceived importance of CSFs in each area. Figure 9.2 shows the BSC model for the 4 and 5 star UK hotel industry whereby CSFs are distributed among the four BSC categories following the confirmatory factor analysis explained in Chapter 8. The CSFs are ranked in order according to their mean scores to demonstrate the importance of each factor within the four BSC categories. Mean scores for each factor were identified in section 8.5 (Analysis of mean, standard deviation and variance scores of final set of CSFs). The advantage of doing so, stems from the fact that the order of CSFs which should be prioritised for the creation and implementation of the overall hotel strategy, including resource allocation and selection of performance measurements for monitoring and feedback purposes, is adjusted as per the most important factors.

Financial Perspective

1. Yield maximization (occupancy & average room rate)
2. Cost control
3. Proper financial management
4. Revenue control
5. Accurate financial reporting

Customer Perspective

1. Customer loyalty/repeat business
2. Customer retention
3. Guests satisfaction (service), good ratings
4. Exceeding customer needs and expectations

Internal Business Perspective

1. Hygiene and cleanliness
2. Consistent service standards
3. Guest bedroom comfort level
4. Quality standards
5. Ensuring appearance of facilities is attractive

Learning and Growth Perspective

1. Staff friendliness
2. Staff training
3. Well-trained high quality staff
4. Employee commitment
5. Ensuring staff are motivated and passionate

Figure 9.2: Balanced Scorecard Element of Proposed Framework with CSFs Ranked according to Mean Scores

Comparing the results of this study and the order of CSFs ranked according to their importance with the findings of Dolnicar and Ottar (2003) who reviewed the most important hotel attributes over a period of 15 years, a number of interesting observations can be made. The highest CSF for the category of learning and growth in this study turned out to be "staff friendliness". The same result can be found in Dolnicar and Ottar's study from 2003 where they found "staff friendliness" to be the most important attribute within the hotel industry.

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Similarly, for this study the highest ranked CSF for internal business perspective is "hygiene and cleanliness". Dolnicar and Ottar (2003) found that "cleanliness" was amongst the top five most important factors in their study. Again, the CSF of "guest bedroom comfort level" ranked third in this study, is also found amongst the top five most important factors in their study. This undescores that while it is important to review and update the CSFs for businesses continously, some factors can remain relevant for a long time (Tatnall and Davey, 1995). In addition, it validates the results of this study to some extent in that they are in line with previous findings in certain areas.

9.5.1 Operational and Strategic CSFs

Touching upon the last two paragraphs of section 9.3, this sub-section will cover the topic of operational vs managerial/strategic CSFs after the reduction of CSFs through the Delphi rounds and the confirmatory factor analysis. The main reduction of CSFs from the original 264 to 57 was achieved through the Delphi rounds. Within these 57 remaining CSFs, there are a number of factors that can be viewed as strategic/managerial in nature. However as the full selection (264) comprised literature and respondent-derived CSFs, not all CSFs that could be considered strategic/managerial in nature can decisively be labelled as such. However, the respondent-derived factors, clearly submitted under the strategic/managerial section as summarised in section 7.2.12, allow for clear categorisation of strategic/managerial factors. When comparing the remaining CSFs with those identified through the managerial/strategic update, it becomes clear that 11 of those factors are derived from the update and are found in the Delphi expert round approved pool of UK four and five star hotel CSFs. Table 9.2 shows the CSFs that were reported in the strategic/managerial update and the corresponding CSFs that were confirmed by the expert Delphi rounds.

Table 9.2: Managerial/Strategic CSFs of Hotel Industry

Hotel manager derived CSFs	Corresponding expert Delphi round approved CSFs
Effective top-down communication/ hotel internal communication/ Management, owner communication	Clear lines of communication/ interdepartmental communication
Long term planning/strategic approach	Long term planning/strategic approach
Clear understanding of vision/mission and objectives of company	Clear objectives and goals
	Clear understanding of vision/mission and objectives of company
Leadership	Management, leadership
Achieving owner's priority return	Return on investment
Managing working capital	Managing working capital/ cash flow
Strong management team on operational level	Strong management team on operational level
Financial management – external control procedures and revisions	Proper financial management
Lean management	Efficient operations
	Supporting efficiency

Therefore, the assumption is that all factors that were originally included in the category of strategic/managerial are considered strategic/managerial in nature although some could perhaps be placed within other operational departments (eg. financial factors in the finance department). Although a personal evaluation of the other remaining CSFs could lead to some other CSFs being considered strategic/managerial in nature, the author decided against this approach to reduce researcher bias and subjective evaluations. The fact that some of the CSFs classified as strategic/managerial could be grouped in other operational departments is not a disadvantage, but shows that the categorisation according to the BSC is well suited to this approach. It is necessary to note that there are a significant number of CSFs included in the final CSFs set as the overall aim of this study is to develop a coherent strategic approach rather than a purely operational one.

As a result of the confirmatory factor analysis, the CSFs that are utilised for the final framework were reduced to 19 from the original 57. This resulted in the elimination of all but one CSF (proper financial management) that was considered to be strategic/managerial in nature. This again is not considered a disadvantage or problematic, as it merely shows that given the responses received for this study hotels do not place too much emphasis on strategic/managerial factors.

It is important to note that although the final set of CSFs as per the proposed framework for strategy formulation and implementation for UK four and five star hotels (Figure 9.1) uses only 19 CSFs, ideally the original set of 57 should be used as a pool for further research, or other data sets and the actual confirmatory factor analysis be run again for the newer set of data. This stems from the fact that the framework presented in Figure 9.1 and the order of CSFs within the BSC as shown in Figure 9.2 are the direct result of the factor loadings for each BSC group to ensure that AVE scores are higher for each group than the inter-construct correlations. This means that for the hotels that participated in the sample for this study the ideal set of CSFs is presented in the proposed framework for strategy formulation and implementation for UK four and five star hotels with the specific CSFs proposed. This is in line with what one would expect as Geller as far back as 1985 argued that the order of priority would change for each company. The proposed framework for strategy formulation and implementation for UK four and five star hotels is therefore highly flexible, and as a result the composition of CSFs within the different BSC categories is due to change with each change in response data (Geller, 1985).

9.6 The Application of the Proposed Framework within the UK Fou and Five Star Hotel Industry

Over the years, since Brotherton and Shaw (1996) introduced the CSFs approach, a number of scholars (Avcikurt et al., 2011; Hua et al., 2009; Kruger et al., 2010) applied the CSFs approach within the hotel industry. However, as identified by Hosseon-Cheraghi et al. (2011) there is a constant need to update and apply strategic frameworks to different contexts in order to account for changes in the business environment. While Brotherton and Shaw (1996) focused primarily on operational CSFs within hotel departments, Avcikurt et al. (2011) identified hotels' strategic CSFs. However, research on a combination of strategic and operational CSFs within the UK four and five star hotel context is scarce.

Taking into consideration accepted theories of business strategies outlined in the literature review (Chapter 2), each hotel will have different requirements depending on certain factors. Ignoring the elements of environmental and temporal factors as per the CSFs approach to business strategy, hotels of different

sizes have distinctly different requirements. In order to further visualise how the proposed framework creates significantly different solutions for business strategy planning and implementation, with the corresponding change in proposed resource allocation templates, the scenario for small as well as medium to large four and five star UK hotels is demonstrated. The decision to categorise hotels as small that have 50 or below rooms was made based on UK hotel study by Ingram et al. (2000) who concluded that hotels with less than 50 rooms are considered small in size. Hotels with 50 to 100 rooms are medium and consequently hotels with 100 rooms or more large. Figure 9.3 presents the mean scores for individual CSFs within each BSC category as well as the mean scores for each category within the BSC in ranked order.

Small Hotel	
1. Internal Process Factors	**4.43**
Hygiene and cleanliness	4.65
Consistent service standards	4.47
Guest bedroom comfort level	4.41
Ensuring appearance of facilities is attractive	4.32
Quality standards	4.29
2. Customer Factors	**4.31**
Guests satisfaction (service), good ratings	4.47
Customer loyalty/repeat business	4.35
Customer retention	4.32
Exceeding customer needs and expectations	4.09
3. Learning and Growth Factors	**4.24**
Staff friendliness	4.44
Employee commitment	4.35
Well-trained high quality staff	4.18
Ensuring staff are motivated and passionate	4.15
Staff Training	4.06
4. Financial Factors	**4.08**
Yield maximization	4.24
Cost control	4.24
Revenue Control	4.15
Proper financial management	3.94
Accurate financial reporting	3.85

Medium/Large Hotel	
1. Internal Process Factors	**4.38**
Hygiene and cleanliness	4.67
Consistent service standards	4.37
Quality standards	4.37
Guest bedroom comfort level	4.30
Ensuring appearance of facilities is attractive	4.15
2. Customer Factors	**4.20**
Customer retention	4.52
Customer loyalty/repeat business	4.37
Guests satisfaction (service), good ratings	4.11
Exceeding customer needs and expectations	3.81
3. Learning and Growth Factors	**4.17**
Staff Training	4.41
Staff friendliness	4.37
Well-trained high quality staff	4.26
Employee commitment	4.00
Ensuring staff are motivated and passionate	3.81
4. Financial Factors	**4.05**
Proper financial management	4.26
Yield maximization	4.15
Cost control	3.96
Revenue Control	3.93
Accurate financial reporting	3.93

Figure 9.3: CSFs for Small and Medium/Large Hotels

This clearly shows that simple moderating factors such as size result in differences between the two proposed focus points for strategy. Examples of these differences include the CSFs of staff training within the learning and growth category which scored a mean score of 4.06 for small hotels, making it the least important factor while medium to large scale hotels considered it the most important learning and growth factor with a mean score of 4.41. A similar scenario is visible for the CSFs of proper financial planning which scored relatively low within smaller hotels (3.94) but highest within medium to large hotels (4.26). These findings are in line with results by Peters and Buhalis (2004), who found that smaller, often family or owner run businesses tend to follow informal business practices and lack planning. Peters and Buhalis (2004, p.5) found that these businesses "often lack a systematic management approach. This effectively means lack of procedures which leads to variable performance […]. In addition, book-keeping, accounting and financial management are often inaccurate leading to potential revenue loss, lack of statistics for rational decision making and miscalculation of critical performance indicators, such as return on investment, variable cost and pricing structures". The results from this study seem to indicate that a similar situation is applicable here, suggesting that smaller hotels should place more emphasis on financial management in particular but also develop strict systematic management approaches.

Another strategic influencing factor is hotel location as hotels within cities have clearly different strategic requirements than rurally located hotels. As the old saying goes, one of the most important aspect of businesses, and hotels are no different, is location location, location. As they compete on location, it also means that different locations influence their specific strategic orientation (Sigala, 2003). Based on the data collected for the study, this again influences the order of CSFs indicating different priorities for different locations. One aspect to note is that although the study originally considered four different location categories based on the extensive CSFs research by previous researchers (Brotherton and Shaw, 1996; Avcikurt et al., 2011), the actual categories for the final proposed framework are reduced to two combining coastal resorts and rural locations as well as major city and provincial town. Once more, the size of the data set was the

primary reason for this decision and can be extended at any time. Figure 9.4 shows the differences between urban and rural hotels.

The most striking difference between the two sub-categories is the difference between the two BSC categories of financial as well as learning and growth factors. While urban hotels perceived financial factors as the third most important category, rural hotels scored financial factors as least important overall. The scenario appears to be reversed for the learning and growth category which was considered least important for urban hotels and third most important for rurally located four and five star properties.

Urban	
1. Internal Process Factors	**4.38**
Hygiene and cleanliness	4.65
Consistent service standards	4.47
Quality standards	4.35
Guest bedroom comfort level	4.41
Ensuring appearance of facilities is attractive	4.00
2. Customer Factors	**4.03**
Customer retention	4.29
Customer loyalty/repeat business	4.24
Guests satisfaction (service), good ratings	4.12
Exceeding customer needs and expectations	3.47
3. Financial Factors	**4.01**
Yield maximization	4.18
Cost control	3.82
Revenue Control	3.88
Proper financial management	4.24
Accurate financial reporting	3.94
4. Learning and Growth Factors	**3.90**
Staff friendliness	4.29
Staff Training	4.18
Well-trained high quality staff	4.00
Employee commitment	3.94
Ensuring staff are motivated and passionate	3.71

Rural	
1. Internal Process Factors	**4.41**
Hygiene and cleanliness	4.66
Guest bedroom comfort level	4.34
Quality standards	4.32
Consistent service standards	4.41
Ensuring appearance of facilities is attractive	4.34
2. Customer Factors	**4.35**
Customer retention	4.45
Customer loyalty/repeat business	4.41
Guests satisfaction (service), good ratings	4.39
Exceeding customer needs and expectations	4.16
3. Learning and Growth Factors	**4.28**
Staff friendliness	4.45
Well-trained high quality staff	4.30
Employee commitment	4.30
Staff Training	4.23
Ensuring staff are motivated and passionate	4.11
4. Financial Factors	**4.08**
Cost control	4.23
Yield maximization	4.20
Revenue Control	4.11
Proper financial management	4.02
Accurate financial reporting	3.86

Figure 9.4: CSFs for Urban and Rural Hotels

Applying the same logic to the differences between independent and chain hotels, it becomes apparent that the order of importance between the four BSC categories is considerably different. While both independent and chain hotels considered

internal business process factors as most important, the order of the remaining factors varies. Independent hotels for instance considered learning and growth as the second most important category; on the other hand, financial factors were considered least important for independent hotels. Chain hotels perceived learning and growth factors as least important, giving the CSF of "ensuring staff are motivated and passionate" a low mean score of 3.67, while customer factors were perceived as second most important closely followed by financial factors. This supports research by Ottenbacher (2006) which revealed that staff commitment is a CSF within independent hotel organisations however less so within chain hotels. Of particular interest is the importance of proper financial management (4.58) and accurate financial reporting (4.42) for chain hotels, while independent hotels only scored 3.98 and 3.74 respectively. This example clearly demonstrates different priorities based on the ownership structure and further strengthens the outcome of this study that strategic planning based on a comprehensive framework is crucial in order to account for different hotel characteristics. Ottenbacher (2006) pointed out that chain hotels have normally a higher degree of expertise and structure and thus, internal processes have to be structured (e.g. standard operating procedures) as well as customer acquisition and retention (CRM). On the other hand, independent hotels require a higher degree of flexibility and thus, factors related to learning and growth (e.g. staff commitment, friendliness and training) play an important role for operational success (Ottenbacher, 2006).

Independent		Chain	
1. Internal Process Factors	**4.39**	**1. Internal Process Factors**	**4.50**
Hygiene and cleanliness	4.63	Hygiene and cleanliness	4.83
Consistent service standards	4.46	Guest bedroom comfort level	4.58
Quality standards	4.33	Quality standards	4.42
Guest bedroom comfort level	4.30	Consistent service standards	4.42
Ensuring appearance of facilities is attractive	4.22	Ensuring appearance of facilities is attractive	4.25
2. Learning and Growth Factors	**4.21**	**2. Customer Factors**	**4.33**
Staff friendliness	4.46	Customer retention	4.48
Employee commitment	4.22	Guests satisfaction (service), good ratings	4.43
Well-trained high quality staff	4.22	Customer loyalty/repeat business	4.39
Staff Training	4.11	Exceeding customer needs and expectations	4.02
Ensuring staff are motivated and passionate	4.04	**3. Financial Factors**	**4.32**
3. Customer Factors	**4.06**	Proper financial management	4.58
Customer loyalty/repeat business	4.42	Accurate financial reporting	4.42
Customer retention	4.33	Revenue Control	4.25
Guests satisfaction (service), good ratings	3.83	Yield maximization	4.17
Exceeding customer needs and expectations	3.67	Cost control	4.17
4. Financial Factors	**4.00**	**4. Learning and Growth Factors**	**4.18**
Yield maximization	4.22	Staff Training	4.58
Cost control	4.11	Staff friendliness	4.33
Revenue Control	3.98	Well-trained high quality staff	4.25
Proper financial management	3.98	Employee commitment	4.08
Accurate financial reporting	3.74	Ensuring staff are motivated and passionate	3.67

Figure 9.5: CSFs for Independent and Chain Hotels

Figure 9.6 shows a scenario where the primary stage is initially separated into four and five star hotels. Within the four and five star hotel categories, the CSFs within the four BSC categories are shown ranked in order of their mean scores. The mean scores for each CSF separated into four and five star hotels were identified through t-tests in SPSS. Interestingly, particularly in the 'customer factors' BSC category, five star hotels ranked CSFs, such as customer retention (4.56), customer loyalty (4.50), guests satisfaction (4.50) and exceeding needs and expectations (4.44), much higher than their four star counterparts who produced mean scores of 4.36; 4.31; 4.24; 3.80 respectively. This is in line with the overall service delivery approach of five star hotels aiming to deliver seamless visitor experiences and committing their resources to customer relationship initiatives. Also within the learning and growth factors category there are clear differences

visible. Although all CSFs were ranked in the same order of importance within four and five star hotels, the mean scores for each individual factor was much higher within five star hotels compared to four star hotels: staff friendliness (4.81/4.27); staff training (4.44/4.13); well-trained high quality staff (4.44/4.13); employee commitment (4.38/4.13); ensuring staff are motivated and passionate (4.19/3.93). However, within the 'financial factors' and 'internal business processes factors' categories, the differences between four and five star hotels are less notable. Taking into account that four and five star hotels are both categorised as luxury hotels in most studies, similar financial procedures and processes are likely to occur. However, the higher mean scores of CSF within the Learning and Growth category (e.g. employee commitment) for five star hotels can be related to a higher staff involvement in guest service delivery (AA Guide, 2010). This is in line with previous research, identifying that five star hotel staff and managers are required to have an entirely different mind-set when it comes to service delivery. According to Williams (2009, p. 1), *"It's about a mentality…a way of working…discipline…and most of all, a healthy disdain for anything mediocre. Whenever you find yourself thinking, "Well that's ok" or "It's not that bad" or "It'll be perfect next time", then you're drifting away from the 5-star mentality".* The most important difference between five and four star hotels is that every employee takes ownership of guests' experience by being empowered to exceed in providing a memorable and exceptional experience (Williams, 2009).The stronger focus on service delivery in five star hotels compared to four star hotels was also revealed in Group Leisure Magazine (2013), "A five-star hotel must provide enhanced services, e.g. valet parking, escort to bedrooms, proactive attentive table service in bars and lounges and at breakfast, 'concierge' service, 24-hour reception, 24-hour room service, and full afternoon tea. At a four-star this may well be offered but is not compulsory".

In order to achieve the fourth aim of this PhD study it was essential to provide a comprehensive framework that incorporates different scenarios such as location, ownership structure and hotel size. This capability of adjusting to different hotel characteristics makes the framework applicable to the real life hotel industry where success factors depend on different environmental settings and hotel characteristics. Therefore, as a further step, the framework differentiates between

urban (major city and provincial town) and rural (coastal and rural) hotels within the four and five star hotel categories in order to show the differences in regards to the importance of CSFs within different locational settings (see Figure 9.6).

The mean scores for urban and rural hotels within four and five star hotel categories were identified by splitting the data file and performing an independent sample t-test. 'Financial factors' within rural hotels were perceived to be much more important by five star hotels compared to four star hotels. On the other hand, within the urban context, four star hotels rated 'financial factors' much higher than their five star counterparts. 'Customer factors' were generally higher within the five star hotel category, urbanly and rurally located. The same applies to the 'internal process factors' and 'learning and growth factors' which were all higher in urban and rural five star hotels compared to urban and rural four star hotels.

4 Star	
1. Internal Process Factors	4.36
2. Customer Factors	4.18
3. Learning and Growth Factors	4.12
4. Financial Factors	4.06

5 Star	
1. Internal Process Factors	4.51
2. Customer Factors	4.50
3. Learning and Growth Factors	4.45
4. Financial Factors	4.08

Urban	
1. Internal Process Factors	4.30
2. Financial Factors	3.98
3. Customer Factors	3.87
3. Learning and Growth Factors	3.87

Rural	
1. Customer Factors	4.49
2.Internal Process Factors	4.41
3. Learning and Growth Factors	4.30
4. Financial Factors	4.12

Urban	
1. Internal Process Factors	4.49
2. Learning and Growth Factors	4.47
3. Customer Factors	4.42
4. Financial Factors	3.71

Rural	
1. Internal Process Factors	4.80
2. Customer Factors	4.60
3. Financial Factors	4.54
4. Learning and Growth Factors	4.43

Figure 9.6: 4 and 5 Stars/ Location

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Figures 9.7 and 9.8 show scenarios where elements of the moderating factors from the proposed framework (Figure 9.2) are used to display the changing recommendations for strategy formulation and implementation. In order to facilitate visualisation, explanation and the potential of the framework the scenario is used where a two variable selector is used to show recommended strategic course. The aim of Figure 9.7 is the visualisation of the comparison of the importance of CSFs between rural and urban hotels within the four star hotel category. Within the financial BSC category, the biggest difference between urban and rural hotels is in regards to the importance of 'revenue control'. While rural hotels considered 'revenue control' as second most importance financial factors (4.23), urban hotels only scored 3.79 on this factor making it the least important factor together with accurate financial reporting. Although there is no clear explanation for this, a possible rationale could be that urban hotels have less difficulties filling their rooms as the potential for walk-in guests is higher and urban places tend to have more people passing through, reducing the need for careful revenue control. This logic could apply to rural properties that are dependent on careful planning of their revenue by ensuring that occupancy rates are managed and restaurants filled to maximise the revenue generated.

Figure 9.6 visualises the comparison of the importance of CSFs between rural and urban five star hotels. While "Learning and Growth" was the second most important category within urban five star hotels; it was the least important category within the rural context. Interestingly, as shown in Figure 9.7, urban four star hotels considered "Learning and Growth" as the least important category as well. These examples nicely show how different settings result in different strategic importance. Within Figure 9.8, describing five star hotels, another visible difference between urban and rural hotels is visible for the financial factors of "proper financial management". While rural hotels considered this factor to be most important (4.71); urban hotels only rated the factor as second last (3.67).

4 Star	
1. Internal Process Factors	**4.36**
Hygiene and cleanliness	4.60
Consistent service standards	4.38
Guest bedroom comfort level	4.33
Quality standards	4.27
Ensuring appearance of facilities is attractive	4.24
2. Customer Factors	**4.18**
Customer retention	4.36
Customer loyalty/repeat business	4.31
Guests satisfaction (service), good ratings	4.24
Exceeding customer needs and expectations	3.80
3. Learning and Growth Factors	**4.12**
Staff friendliness	4.27
Staff Training	4.13
Well-trained high quality staff	4.13
Employee commitment	4.13
Ensuring staff are motivated and passionate	3.93
4. Financial Factors	**4.06**
Yield maximization	4.18
Cost control	4.13
Proper financial management	4.07
Revenue Control	4.04
Accurate financial reporting	3.89

Urban	
1. Internal Process Factors	**4.30**
Hygiene and cleanliness	4.47
Consistent service standards	4.42
Guest bedroom comfort level	4.42
Quality standards	4.16
Ensuring appearance of facilities is attractive	4.05
2. Financial Factors	**3.98**
Yield maximization	4.26
Proper financial management	4.11
Cost control	3.95
Revenue Control	3.79
Accurate financial reporting	3.79
3. Customer Factors	**3.87**
Customer retention	4.11
Customer loyalty/repeat business	4.05
Guests satisfaction (service), good ratings	4.00
Exceeding customer needs and expectations	3.32
3. Learning and Growth Factors	**3.87**
Staff friendliness	4.00
Well-trained high quality staff	3.95
Employee commitment	3.95
Staff Training	3.84
Ensuring staff are motivated and passionate	3.63

Rural	
1. Customer Factors	**4.49**
Customer retention	4.54
Customer loyalty/repeat business	4.50
Guests satisfaction (service), good ratings	4.42
Exceeding customer needs and expectations	4.15
2. Internal Process Factors	**4.41**
Hygiene and cleanliness	4.69
Ensuring appearance of facilities is attractive	4.38
Consistent service standards	4.35
Quality standards	4.35
Guest bedroom comfort level	4.27
3. Learning and Growth Factors	**4.30**
Staff friendliness	4.46
Staff Training	4.35
Well-trained high quality staff	4.27
Employee commitment	4.27
Ensuring staff are motivated and passionate	4.15
4. Financial Factors	**4.12**
Cost control	4.27
Revenue Control	4.23
Yield maximization	4.12
Proper financial management	4.04
Accurate financial reporting	3.96

Figure 9.7: 4 Star and Location

5 Star	
1. Internal Process Factors	**4.51**
Hygiene and cleanliness	4.81
Consistent service standards	4.56
Quality standards	4.50
Guest bedroom comfort level	4.44
Ensuring appearance of facilities is attractive	4.25
2. Customer Factors	**4.50**
Customer retention	4.56
Customer loyalty/repeat business	4.50
Guests satisfaction (service), good ratings	4.50
Exceeding customer needs and expectations	4.44
3. Learning and Growth Factors	**4.45**
Staff friendliness	4.81
Staff Training	4.44
Well-trained high quality staff	4.44
Employee commitment	4.38
Ensuring staff are motivated and passionate	4.19
4. Financial Factors	**4.08**
Yield maximization	4.25
Proper financial management	4.13
Revenue Control	4.06
Cost control	4.06
Accurate financial reporting	3.88

Urban	
1. Internal Process Factors	**4.49**
Ensuring appearance of facilities is attractive	4.78
Hygiene and cleanliness	4.67
Quality standards	4.56
Guest bedroom comfort level	4.22
Consistent service standards	4.22
2. Learning and Growth Factors	**4.47**
Staff friendliness	4.78
Well-trained high quality staff	4.56
Staff Training	4.56
Employee commitment	4.22
Ensuring staff are motivated and passionate	4.22
3. Customer Factors	**4.42**
Customer retention	4.67
Customer loyalty/repeat business	4.44
Guests satisfaction (service), good ratings	4.44
Exceeding customer needs and expectations	4.11
4. Financial Factors	**3.71**
Yield maximization	4.00
Cost control	3.78
Revenue Control	3.78
Proper financial management	3.67
Accurate financial reporting	3.33

Rural	
1. Internal Process Factors	**4.80**
Hygiene and cleanliness	5.00
Consistent service standards	5.00
Ensuring appearance of facilities is attractive	4.86
Guest bedroom comfort level	4.71
Quality standards	4.43
2. Customer Factors	**4.60**
Exceeding customer needs and expectations	4.86
Customer loyalty/repeat business	4.57
Guests satisfaction (service), good ratings	4.57
Customer retention	4.43
3. Financial Factors	**4.54**
Proper financial management	4.71
Yield maximization	4.57
Accurate financial reporting	4.57
Revenue Control	4.43
Cost control	4.43
4. Learning and Growth Factors	**4.43**
Staff friendliness	4.86
Employee commitment	4.57
Well-trained high quality staff	4.29
Staff Training	4.29
Ensuring staff are motivated and passionate	4.14

Figure 9.8: 5 Star and Location

Rather than continue discussing the obvious different choices for every possible step, the author will provide an example along one path to illustrate the detailed strategic selection process that can be derived from the data for a more detailed analysis as to how the proposed framework can be applied within different settings. Figure 9.9 shows how the proposed framework could be applied in order to fully account for different hotel settings and characteristics. It shows how the framework is not only able to moderate by star rating and location but further divided into ownership structure and/or size. This results in a large number of possibilities for identifying those CSFs that are most important for a specific hotel.
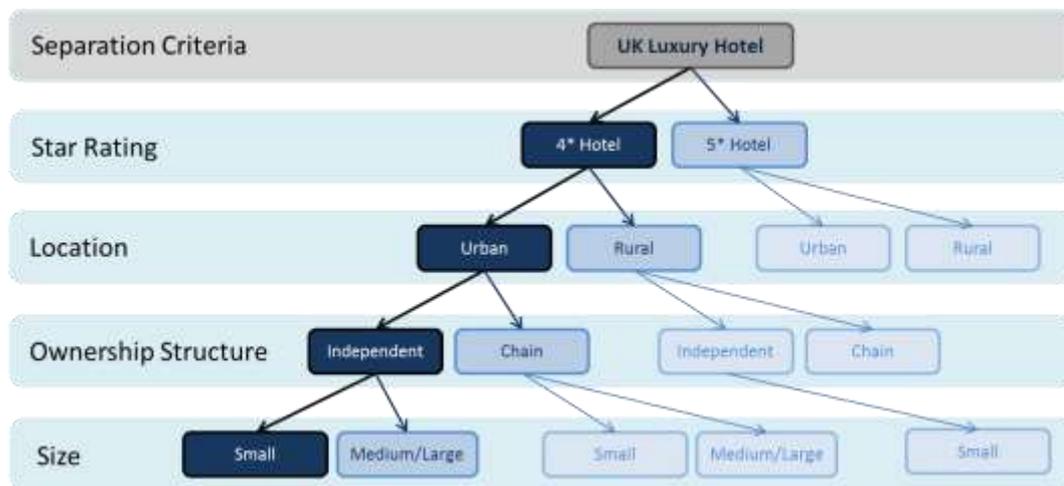
Figure 9.9: Potential Differentiation of Framework

For ease of explanation and visualisation only one complete path has been filled in to illustrate the branching out of different mean scores for each CSFs within the sub-categories of the BSC and each moderating variable. Therefore, although the discussion above focuses on some of the concrete data derived from the separation of moderators into differently ordered categories, the real value comes from the possibility to adapt the proposed framework to the specific characteristics of each hotel. Appendix H provides an overview of further options to apply the model to different scenarios. According to Geller (1985), each firm needs to find their own CSFs based on their strategic goals and objectives. This study provides a comprehensive set of CSFs for the entire UK four and five star hotel industry and

thus, hotels should utilise the proposed framework to review the order of CSFs factors and identify the most important for themselves based on their strategic direction. The importance of identifying industry-wide CSFs was pointed out by Pinto and Prescott (1988) who argued that the majority of early CSFs research was too company-specific and not generalisable to wider context. Therefore, this research adapted the approach of identifying four and five star hotel industry-wide CSFs and developed a framework that suggests that different business scenarios result in different CSFs being the most important.

9.7 Possible Extended Framework

As discussed above it is essential to account for moderating factors that influence the order of overall BSC category ranking as well as individual CSFs ranking to allow for different strategic requirements. Within this study the four categories used were hotel size, ownership structure, star rating and location. Therefore, in the proposed framework each of these categories affect the ranking order of the four BSC categories as well as the individual CSFs within them. As a result of the sample size of the data collection, the decision was made to limit the number of sub-categories for each moderating variable to two sub-categories as shown in Figure 9.10. The implications of this are discussed in the next section but are mostly the result of the data analysis. Something that could not be tested due to the scope of the data collection but is presented below is the theoretical extension of the proposed framework for further sub-categories or moderating variables. Figure 9.4 provides a possible extension of the proposed framework for UK hotel strategy formulation and implementation that allows for more fine-grained selection of moderating factors to determine appropriate CSFs ranking. Moderating factors that have been suggested but not actually tested or where too few cases were available (Provincial Town and Coastal Resorts) have been marked in italics.

The reason this extended framework is presented at this stage is that although the aim of this study is to propose a framework for strategy creation and implementation within the UK four and five star hotel industry, the potential application and contribution to knowledge is greater than that. The proposed

framework, while achieving its aim as set out in the introduction chapter, is a foundation for future research and provides the building blocks for the creation of a framework for strategy creation and implementation within the entire UK hotel industry. While the extended framework covers some relatively minor extensions of moderating factors, a global framework would most probably incorporate additional elements such as target market, cultural elements or seasonality.
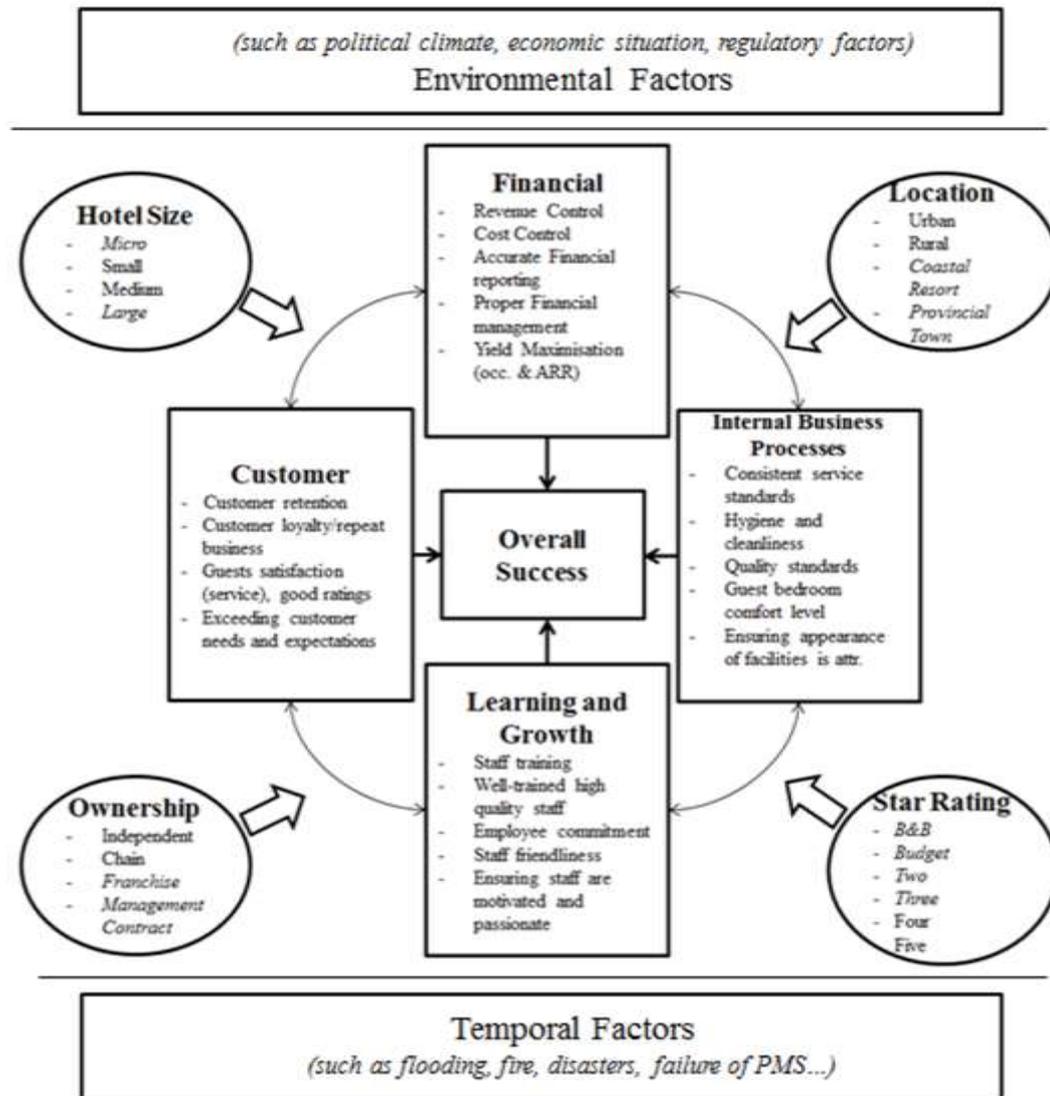
Figure 9.10: Possible Extended Framework

9.8 Summary

This chapter discussed the outcomes of this study in relation to previous literature by focusing on the different data collection and analysis steps within this research.

Furthermore, this chapter proposed a framework for strategy creation and implementation based on the BSC and CSFs approach which represents the achievement of the fourth aim by integrating the CSFs and BSC approach within the four and five star UK hotel industry context. The framework is grounded within the approaches and theories reviewed in the literature review and based on the data gathered in the primary research for this study. The first part of this chapter discussed the relationships between the concepts of business strategy, success, CSFs and BSC in order to illustrate how each section plays a fundamental part informing and supporting the final framework, but also how the development within business strategy and the different schools of thought have had an impact on other theories of business development. The second part of the discussion used the previously presented framework and the results of the collected data to illustrate how strategic requirements and organisational priorities change based on moderating characteristics. Therefore, this chapter showed how far hotel characteristics such as size, location, ownership structure or star rating influence the direction that UK four and five star hotels should embrace to ensure aligned strategy formulation and implementation. Finally, this chapter presents an extension for the proposed framework for strategy formulation and implementation within the UK four and five star hotel industry. Although this extended framework has not been fully tested within this thesis, it is the logical extension to the proposed framework that would enable the application of the framework to the entire UK hotel industry. Therefore, for future research it is recommended that the extended framework be adopted.

CHAPTER 10: CONCLUSION

10.1 Introduction

This chapter will conclude the study by reviewing each of the aims from the beginning of the study and providing justification as to how they were achieved throughout the course of research. In addition, this chapter discusses the contributions to academia and the four and five star hotel industry as well as providing recommendations to academia and practitioners. It further discusses the limitations of this study, opportunities for future research and reflects on the overall research process.

10.2 Review of Research Aims

This PhD study will be concluded by reviewing each of the aims that were formulated at the beginning of this study separately.

10.2.1 Aim 1

To evaluate literature on critical success factors in the context of business strategy, the balanced scorecard approach and UK four and five star hotels.

The first aim has been achieved through a thorough review of previous literature. Globalisation and the increase in the pace of change throughout all areas of business leads to the need for strategic management and use of robust management frameworks to remain competitive and identify new trends and opportunities quickly. One of the frameworks that is suitable for this challenge is the CSFs approach. The literature review identified that the idea behind CSFs was firstly introduced by Daniel in 1961, while Rockart (1979) developed it into the initial concept which is today's basis for the application of CSFs. The idea behind the CSFs approach has been that while not all processes within an organisation can be equally important and contribute equally to the success of a business, there should be a small number of factors that contribute significantly to the overall success (Daniel, 1961). In later years, Rockart (1979, p. 85) defined CSFs as the

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"limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation". The CSFs approach has been adopted within a number of research disciplines including information system (Kamal, 2006; Poon and Wagner, 2001; Salmeron and Herrero, 2005; Thomas and Long, 2000); ERP (Finney and Corbett, 2007; Francoise et al., 2009; Holland and Light, 1999; Hong and Gul, 2002; Ngai et al., 2008; Somers and Nelson, 2001; Umble et al., 2003); e-commerce and mobile services (Bhuasiri et al., 2012; Cochrane, 2013; Colla and Lapoule, 2012; Raravi et al., 2013) as well as the tourism and hospitality sector (Avcikurt et al., 2011; Baker and Cameron, 2008; Brotherton, 2004a; Brotherton, 2004b; Hua et al., 2009; Lee et al., 2011; Lin and Fu, 2012). There is scope to update the list of CSFs obtained from the literature review as the majority of existing literature used somewhat dated sets of CSFs, with the more recent studies utilising sets of CSFs from past studies.

Brotherton and Shaw (1996) and Hua et al. (2009) focused only on the operational side of hotel businesses. Avcikurt et al. (2011) started to overcome this limitation by implementing factors such as innovation strategy or CSFs regarding the internet usage level into their hotel CSFs research within the Turkish context. Brotherton and Shaw (1996) and Brotherton (2004b) divided their CSFs into hotel departments; while Hua et al. (2009) used the list of Brotherton's CSFs and added only the CSFs of 'enough parking area', 'colour of hotel exterior and room', 'provision of all kinds of amenities', 'provision of the internet service', 'convenient and tasty breakfast', 'attractive advertising or promotions', 'benefits for members', and 'convenient transportation with signs'. Hua et al. (2009) then tested these factors within the Chinese budget hotel context, dividing them into five categories; namely physical product, location, service quality, price and promotion.

Further, literature with regards to success measurement frameworks and the BSC was reviewed. It was identified that a number of frameworks exist for organisations to measure their successfulness, however the review of literature revealed that the BSC approach, originally developed by Kaplan and Norton (1992), is the most widely adopted and accepted approach to success

measurement (Digalwar, 2009). The BSC approach proposes that companies have to measure their successfulness within four categories, namely financial, customer, internal business processes and learning and growth. Within each category, there are a number of factors that measure success. The literature review identified the interrelation between the CSFs and the BSC approach as strategic frameworks. By utilising the CSFs method to detect changes in the market, strategic control can be extended beyond keeping the course of the strategy to dynamically setting the route for current and future requirements.

In addition, within the industry chapter, the competitive situation of the UK hotel industry was identified and a need for the utilisation of success measurement frameworks for the maintaining of profitable hotel organisations acknowledged.

10.2.2 Aim 2

To ascertain hotel managers' perception of strategic and operational critical success factors in UK four and five star hotels.

The present study aimed to ascertain hotel managers' perception in regards to CSFs and update the existing list of CSFs within the four and five star UK hotel industry through a qualitative questionnaire approach. Using industry practitioners to further develop and update the existing set of CSFs was particularly important in order to account for new factors that had developed over the last two decades since research on CSFs in the tourism and hospitality context started. Therewith, the researcher aimed to account for technological and industry developments. In order to achieve the second aim, potential research participants were identified through the AA UK Hotel Guide 2010. The hotels were contacted via telephone and when agreeing to participate, were sent a link to an online questionnaire. Answers of 33 general managers were gathered from March until April 2012 with an average survey length of 10:21 minutes. The questionnaire consisted of two parts. The first part aimed to gather information about the hotel including number of rooms and employees, star rating and location. The second part of the questionnaire aimed to identify new CSFs. Participants were given a definition of

the exact meaning of CSFs and provided with a list of existing factors from previous research grouped into departments as performed by Brotherton and Shaw (1996). Participants were then asked to add CSFs that were missing in the existing list in their opinion. In addition, participants were asked to add managerial and strategic CSFs as this has not been identified by previous research with a sole focus on the operational side. The questionnaire ascertained hotel managers' opinion in respect of CSFs and identified thirty new CSFs that need to be considered in research, including operational CSFs (e.g. communication, upselling, availability of technology, proactive staff) and strategic CSFs (e.g empowerment, effective top-down communication, ownership involvement, long terms planning/strategic approach). The identification of these new CSFs ensured that the research not only took into account previous studies but industry's actual opinion regarding CSFs thus, making it more applicable and up-to-date.

10.2.3 Aim 3

To empirically measure the most important critical success factors for UK four and five star hotels.

In order to feasibly collect data from hotel general managers, the Delphi expert method was used to reliably reduce the set of CSFs to a manageable number. After this reduction, this study conducted 61 questionnaires with British four and five star hotel general managers and owners in order to empirically measure the most important critical success factors. The data collection process started on June 19, 2013 and finished on September 17, 2013.

General managers and owners were asked to rank the remaining 57 CSFs on a scale of 1 (not critical at all) to 5 (highly critical) in order to examine which factors are considered most critical within the four and five star hotel sector. In order to check the internal reliability of the factors, confirmatory factor analysis was conducted and AVE scores were examined and a number of factors shown to have low reliability such as the factor of 'use of online platforms for guest acquisition' which had a particularly low loading with 0.295. According to Hair et

al. (2011) AVE scores have to be above 0.5. In addition, standardised factor loadings below 0.7 were problematic and considered for deletion (Hulland, 1999). CSFs of 'Creating unique selling points', 'Benchmarking and competition comparison', 'Provision of value for money', 'Evaluation of data/information gathered', 'provision of fast wireless and cable internet' as well as 'appropriate integration of systems (IT) supporting efficiency' and 'attractiveness of website' as well as 'profit maximisation' and 'staff training' had to be deleted due to low loadings. Therefore, the aforementioned factors were excluded as CSFs within this study.

Nevertheless, conducting a further round of confirmatory factor analysis concluded that the reliability of the factors was too low as squared AVE scores were too low in comparison to inter-construct correlations, therefore the number of factors had to be further reduced in a number of analysis rounds in order to increase reliability. Finally, with a number of 19 CSFs, which are considered most critical to the success of four and five star UK hotels, the confirmatory factor analysis revealed satisfactory reliability. Out of these, yield maximization (financial factors); hygiene and cleanliness (internal process factors); staff friendliness (learning and growth factors) and customer loyalty (customer factors) were identified to be the most important CSFs of each BSC category. Based on these data collection and data analysis techniques, the third aim was achieved.

Identifying a comprehensive set of 19 CSFs that are crucial to the success of UK four and five star hotels achieved the aim of empirically measuring the most important CSFs. Interestingly, the first round of data collection confirmed the immense importance of communication for hotel success. In order for employees to work towards the same goal, management has to communicate clear lines of direction and Olve et al. (2000) further revealed that top management within every organisation has to clearly communicate and embrace the overall strategy. Five general managers within the current study agreed with this point by identifying that effective communication is immensely important for successful hotel operations. This was further supported by Longenecker et al. (1999, p. 506) who felt that "communication is the lifeblood of any organisations and, as a result,

when communication breakdowns occur, organisational performance can only suffer" and Hosseon-Cheraghi et al. (2011) confirmed that just-in-time communication is considered a new success factor within today's highly technical and competitive business environment. Interestingly, the thesis concluded that, at the moment, communication is not part of the final set of CSFs which is a surprising outcome considering the importance laid on communication by previous scholars. Nevertheless, the rigorous reduction of factors resulted in an exclusion of communication-related factors.

10.2.4 Aim 4

To develop a framework for business strategy incorporating critical success factors and the balanced scorecard approach for UK four and five star hotels.

The fourth aim was to develop a business strategy framework that incorporates the CSFs and BSC approach for the four and five star UK hotel industry. The achievement of the fourth aim is displayed in Figure 10.1. The framework presents the 19 CSFs, which were used from secondary literatures and updated by experts and then rigorously reduced through Delphi rounds, categorised within the four BSC categories. In the final framework for the four and five star UK hotel industry there are four to five CSFs within each of the four BSC categories. These CSFs were perceived to be crucial for hotel success, however the order of importance of factors depends on hotel characteristics such as location, hotel size, rating and ownership structure. These four influencing factors dictate the importance of CSFs within different environmental and business settings. Essentially, the framework proposes that the relative importance of each category as well as of each CSF within the category depends on each hotel thus, generalisability to an entire industry is impossible. Furthermore, the framework incorporates the concepts of environmental and temporal factors that hotels cannot influence but may affect the strategy direction. To summarise, Figure 10.1 shows the final proposed framework which represents the main contribution of this thesis to the existing pool of knowledge and is discussed in more detail in section 10.3.1.
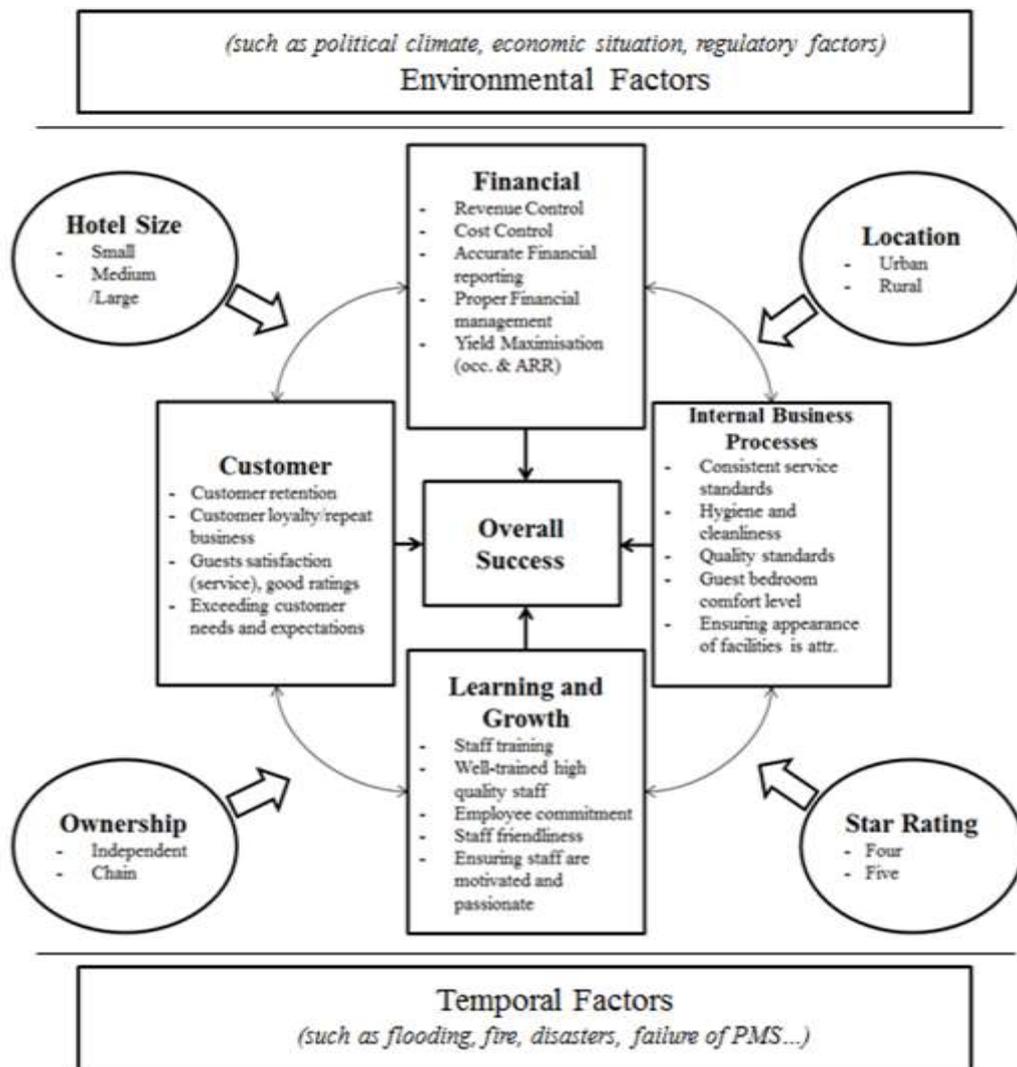
Figure 10.1: Proposed Framework

10.2.5 Aim 5

To contribute to knowledge of CSFs in the broader management literature

Due to the interlinked nature of the fifth aim with regards to the other aims, the author decided to add a number of sentences at this stage to draw attention to the contribution of knowledge in the broader management literature. As should be made clear throughout the thesis, the CSFs approach has been placed within the wider management and strategy literature and should contribute to this field of knowledge. As such the fifth aim has been achieved through the execution of this

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study. The review of literature as to how success is measured as one of the key components of the CSFs approach, the realignment with the BSC as the tool for strategy implementation and firmly embedding the CSF approach in the topic of strategy as a management discipline.

10.3 Contributions to Knowledge

This thesis has a number of contributions, for both academia and practitioners. The main academic contribution of this thesis is the proposed framework presented in Figure 10.1 that incorporates the most important CSFs within the UK four and five star hotel industry into the BSC approach. This proposed framework provides a comprehensive approach for hotel strategy creation and implementation for UK four and five star hotels. According to Hassanien et al. (2010), it is essential to continuously adapt business strategy. In today's business environment, strategic decisions have to be reviewed and adapted regularly based on external and internal influences. In order to survive and be profitable companies have to forecast, understand trends and adapt accordingly in order to sustain competitive advantages (Hassanien et al., 2010). Therefore, this thesis provides an up-to-date review of the CSFs approach in conjunction with the BSC approach in order to update and confirm CSFs that are crucial for four and five star hotels' success. Through the incorporation of CSFs into the BSC approach, this thesis presented a framework of which factors are crucial in the four BSC categories within UK four and five star hotels.

This study contributed to the pool of knowledge by identifying up-to-date CSFs. Within tourism research, few attempts have been made to apply the concept of CSFs. Examples included the application to yield management systems (Griffin, 1995), hospitality businesses (Brotherton, 2004a; 2004b), wine tourism (Getz, 2007) and destination marketing (Baker and Cameron, 2008). With the exception of a few authors such as Hua (2009), Brotherton (2004a; 2004b) or Griffin (1995), CSFs have not, until today, been applied to the hospitality industry and specifically to four and five star hotels, which in the light of the importance of CSFs in the field of business strategy requires further examination. Therefore, the present study addressed the gap in the hotel and tourism industry by presenting an

updated and reduced set of CSFs that are solely applicable to the four and five star UK hotel industry. Particularly through the update of CSFs based on general managers' opinion of which CSFs should be included within today's business landscape, this present study provided a rigorous and up-to-date set of CSFs for future research. Although the majority of updated CSFs were excluded from the final set of CSFs due to the process of the expert Delphi rounds, future research could investigate whether these updated factors may be applicable within different research contexts.

The aforementioned Delphi rounds contribute to knowledge in the area of CSFs in the four and five star hotel industry. Fifteen experts, ten general managers and five hotel industry experts reduced a starting set of 264 CSFs to 57 CSFs which were considered most critical to success for UK four and five star hotel businesses. These CSFs were reduced within three rounds of expert questionnaires with the same experts by applying the content validity ration by Lawshe (1975). Considering the enormous number of potential CSFs within the tourism background as presented in Appendix G, this thesis added a contribution to the academic landscape by rigorously reducing a large number of CSFs in order to fit the context of the four and five star hotel industry.

Brotherton and Shaw (1996) provided the foundation of the CSFs approach within the hospitality industry and this study built on this initial research. Nevertheless, Brotherton and Shaw (1996) solely focused on the operational perspective thus, leaving out strategic factors which are nowadays highly important due to increased competition and changing trends and customers' needs (Hassanien et al., 2010). Therefore, this thesis adds further knowledge within the academic landscape by not only focusing on operational CSFs but by adding strategic CSFs to the possible pool of CSFs. Although no particular strategic CSFs emerged from the data within the context of this study, this might well be the case for a more comprehensive study.

Furthermore, the focus on CSFs within four and five star hotels was a contribution to the pool of knowledge. As discussed within the literature review in Chapter 4,

there are a number of studies that implemented the CSFs approach or key performance indicators within the tourism and hospitality industry (e.g. Avcikurt et al., 2011; Hua et al. 2009; Kruger et al. 2010); however there has not been a focus on four and five star hotels. The present study used UK four and five star hotels, identifying specific CSFs applicable to this content thus adding to academic knowledge.

Finally, a difference compared to previous research was the methodological approach of this study. Literature was reviewed in order to create a comprehensive set of CSFs that was previously tested within the tourism and hospitality background. In order to ensure that new and emerging factors were also part of this study and to make it up-to-date, a first round of qualitative questionnaires were conducted with four and five star UK hotels' general managers and hotel experts to gather their opinion about new CSFs. Afterwards, these newly identified CSFs were integrated into the set of CSFs from previous literature in order to provide a large list of all available CSFs for the Delphi rounds. Conducting three rounds of Delphi questionnaires with 15 general hotel managers ensured a rigorous reduction of CSFs.

In addition, this thesis has a number of contributions for the four and five star UK hotel industry. The proposed framework provides the hotel industry with a set of CSFs, which are ranked in order of importance, for hotels to base their strategic direction on. In addition, this research identified and showed how moderating factors such as location, size, ownership structure and star rating influence the importance and ranking of CSFs as well as the BSC categories. While four star urban hotels require a particular focus on factors from the internal business processes category; four star rural hotels considered customer factors as most important. In addition, this thesis has clearly shown that factors related to learning and growth (staff training, staff commitment) are absolutely crucial within independent hotels which are reliant on flexibility, compared to chain hotels which considered learning and growth least important and had a higher emphasis on factors related to customer satisfaction, retention and loyalty. These examples

show that hotels with different characteristics (i.e. location, ownership structure) have to create different strategies.

This thesis has clearly shown that there are a large number of factors that are responsible for hotel success and that the exact choice of factors is highly dependent on hotel characteristics. Furthermore, the update of existing CSFs has shown that managers perceived that technology-related factors should be integrated in order to account for the changing needs and wants of consumers as well as changes in the business landscape. Nevertheless, within the example of the present study, these technology-related factors were not, until now, confirmed. However, considering the importance of reviewing strategies on a regular basis, this study suggests that the UK hotel industry has to be aware of these new trends within the online landscape.

Overall, this thesis provided the UK hotel industry with a framework for strategy implementation. In order to succeed in this highly competitive industry, hotels have to carefully identify their CSFs according to their unique market situation. In addition, applying this framework allows hotels to review and compare their exisiting CSFs and thus, identify new opportunities or areas for improvement.

10.4 Research Limitations

As with all research, there are a number of limitations within this PhD research. Even though they are discussed as limitations within this study, they were essential to achieve the five aims of this study. This is particularly true considering the difficulties in collecting the data. For instance, persuading experts to complete three rounds of Delphi questionnaires is a time consuming process. Therefore, only 15 experts were surveyed which can be considered a limitation. Nevertheless, as shown by Lawshe (1975), the data of 15 experts can be used to reliably eliminate factors. Furthermore, even though a lot of effort was made to update the literature review and identify all potential CSFs from previous researches, potential sources might be missing due to database constraints within the university. In addition, this PhD study used a number of data collection techniques from semi-structured questionnaire-administered interviews to three

Delphi rounds and finally a large scale questionnaire with UK four and five star hotel managers.

As discussed in section 6.9, in the selection of experts for the Delphi questionnaire rounds a number of hospitality experts and researchers were used that were not located in the geographic target area of this study. Out of the 15 surveyed experts, two came from Switzerland and one from the USA. This is a limitation as cultural factors and differences between the UK four and five star hotel industry and the Swiss and US hotel industry might result in different factors. Nevertheless, as discussed above, due to constraints and limited resources, these experts were considered highly knowledgeable within the field of the four and five star hotel industry and therefore used for this thesis.

The instrument design of the first data collection phase "The update of CSFs" can be considered another limitation as it might be considered leading. The researcher thought long about how such a questionnaire, that asks for new factors, could be designed, and decided to use a number of existing factors that are neatly categorised in order to ask hotel general managers to add new factors that they perceived as important. Without the addition of original CSFs by Brotherton and Shaw (1996), participants would not have had a starting point which became clear after conducting pilot questionnaires/interviews in the beginning of the research process. The pilot was conducted with two employees working at the headquarters of a large multinational hotel company in the UK and two general managers of a four and five star hotel. The feedback was clear in that the topic is too complex as to think of random factors that might be considered crucial to success as the possibilities are immense. Therefore, they agreed that the questionnaire with the provision of existing factors is the best option.

Although the above sections considered some of the limitations in the design of this study and the data collection instruments, there are a number of things that can be mentioned specifically. These are mainly concerned with the data that was collected and the conclusions that can be drawn from it. As such, one of the obvious factors is the size of the sample of the overall population used in this

study. The sample size for the final confirmatory factor analysis was N=61 which represents a sufficient portion of the overall population given that there were around 700 hotels in the four and five star category in the AA guide which was used as the total population of this study. Therefore, although the author can say with confidence that the sample used in this study is representative of the entire study population, it must be noted that there are likely significantly more four and five star hotels in the UK and other guides. This means that while the results of this study positively indicate that the results might be generalizable to the wider population, this can not be confirmed without further investigation. Furthermore, the distribution of samples across regions of the UK was neccesarily restricted; as discussed in the methodology section, the AA guide is divided into different regions of the UK, from which a number of hotels were contacted in each region and asked to complete the online questionnaire. This approach was used for about the first 20 responses after which the author switched to a paper based face to face approach. Although numerous trips were made into several regions in the UK from the north, to Wales and further to the south west, the regional distribution inherently represents clusters around the country as opposed to an even coverage throughout the UK. Therefore, future research should consider a larger sample size, with a methodology designed to account for clusters in response receipts and a method to reliably and more comprehensively cover all areas of the UK.

Due to the difficulties of gathering responses and the change in approach of collecting these, it was not possible to derive statistical deviations between early and late respondents and changes in response patterns. Data quality concerns were less of an issue. The process of answering the questions for the online responses were monitored and the shortest was still just over four minutes; and the author eliminated paper-based responses if they were completed in a clearly rushed manner without any thought as they were conducted as face to face questionnaires. Arguably this might have introduced some researcher bias, however the author felt that this was a good trade-off for improved data quality. As for the quality of the responses in regards to respondent profiles (managers), this is an inherent limitation when dealing with subjective norms that could not be accounted for in the design of the methodology. Overall, the author feels that the

results can be used to generalise for the entire population of this study (AA Guide) and also believes that the results can be used as a basis for comparison with the wider industry with care given the limitations of the study. Future research is recommended to extend the generalizability and robustness of the proposed framework.

10.5 Recommendations

This section will provide recommendations for future research and the four and five star hotel industry.

10.5.1 Recommendations for Future Research

This thesis focused only on the four and five star UK hotel industry and future research is advised to either validate the proposed framework in different research settings or identify CSFs for the context of study. Future research could apply the factors within the context of budget or mid-market hotels. Alternatively, an application within different cultural settings may result in the validation of the proposed framework or further potential factors.

This thesis identified four to five CSFs within each BSC category and ranked them based on their relative importance according to their mean scores within the large-scale questionnaire. As a next step for research it would be useful to conduct Analytical Hierarchy Process (AHP) analysis which weights factors in respect of their importance. Within the AHP technique, each factor is compared to the other factors within the same category. Within this thesis, the number of 57 CSFs within the large-scale questionnaire made it unfeasible to implement the AHP technique although it is highly appropriate for this kind of research. Therefore, as a next step, research should use the existing set of 19 CSFs and apply the AHP analysis technique.

Further, this thesis and the majority of previous CSFs research only focused on the supply side perspective without the inclusion of the demand side. In fact, the overwhelming majority of work conducted on CSFs has been approached from a supply side perspective. Therefore, solely looking at the supply side, especially in

the light of the importance of alignment between the internal and external environment in business strategy, suggests that the useful application of the CSFs approach to date can at best be described as limited. Therefore, it might be interesting to compare the demand and supply side perspective within a research study to investigate potential discrepancies particularly within the customer, learning and growth as well as internal business process category as it might be difficult for the demand side perspective to evaluate the financial category. Furthermore, the additional insight gained from analysing customers' perception of CSFs will ensure that the framework does account for customer understanding of CSFs, which is crucial for strategy alignment and business success. In fact, incorporating the demand side perspective of CSFs into strategy formulation and the discussion of what CSFs are, significantly increases the degree of accuracy (Lipczynski and Wilson, 2004; Harrison and Enz, 2005).

One of the last recommendations the author would like to make to future researchers is that the concept of CSFs and BSC as a strategic tool for strategy formulation and implementation should not be viewed in isolation. As the author covered a wide section of strategy theory, this helped to place the applied concepts within the overarching topics of managerial literature. However, due to the trade-offs that had to be made in regards to the research constraints of time, scope and clarity of arguments with relation to the expansion of topics and theories covered, not all areas could be explored. Therefore, there were topics that clearly could have played a role in this study and would have added to the overall understanding of this subject matter, that were not included in this study simply due to the necessarily restricted scope of this PhD work. Amongst these are critical developments such as outsourcing, financing options and information systems beyond the roots of the CSFs approach to name but a few. These are by no means exclusive or exhaustive, but are proposed here to exemplify all areas that should be considered in future work on this topic as they could have significant impacts on the result depending on the context of the study.

10.5.2 Recommendations to the Four and Five Star UK Hotel Industry

Based on the findings of this study, there are a number of recommendations to the four and five star UK hotel industry.

This study identified 19 CSFs for successful future hotel operations. For the financial perspective, four and five star UK hotels should focus their strategies on revenue control, cost control, accurate financial reporting, proper financial management and yield maximisation in order to operate successfully. For the internal business and growth perspective, hotels are recommended to focus on consistent service standards, hygiene and cleanliness, quality standards, guest bedroom comfort levels and ensuring appearance of facilities is attractive. In terms of customer perspective, CSFs are customer retention, customer loyalty/repeat business, guest satisfaction as well as exceeding customer needs and expectations. Finally, four and five star hotels are recommended to focus strongly on staff training, well-trained high quality staff, employee commitment, staff friendliness and ensuring staff are motivated and passionate.

However, hotels are also advised to bear in mind that these CSFs are not set in stone. Particularly the weighting of importance of each CSFs is dependent on moderating factors. Hotel size, location, ownership structure and star rating were identified within the present study to influence the importance of each BSC category as well as each CSF. Also other factors that were not tested may influence CSFs including target market, manager profiles (age, gender, years of experience, highest qualification to name a few) or it might be interesting to look at the idiosyncratic elements of different properties (eg. natural heritage protected castle hotels versus new build hotel).

Communication is key within hotels as identified through the first round of data collection within Chapter 7. Therefore, it is not enough for general managers or owners to be aware of these CSFs. They have to be communicated top-down in order to ensure that all employees are on board and aware of the strategic direction the hotel is going.

Although the discussion covered the fact that very few strategic/managerial CSFs remained in the final list of CSFs after the elimination process, the author feels that the argument should be repeated specifically as a recommendation for future research. The nature of the hospitality operations business seems to have a strong tendency to steer managers towards a greater focus on operational and micromanagement CSFs than longer term/strategic CSFs. As such an explicit recommendation is that managers should actively review some of their strategic decisions and think about the long term implications in line with the results of this study that have shown that there is a clear correlation between the CSFs managers consider to be important and the success of the strategy implementation. Furthermore, the long term implications of operational decisions need to be monitored more closely to understand how they impact overall performance of strategic CSFs. Finally, it appears that the degree of dependency on technological support systems has not been adequately covered in this study although managers seemed to perceive these CSFs of little importance. Yet when evaluating some of the CSFs the four and five star UK hotel managers regarded to be critical to success, such as yield and revenue maximisation and repeat business/customers, the respondents seemed to ignore the fact that these CSFs are the result of significant operational and strategic decisions to support overall business processes. The results seem to imply that there is a significant mismatch between the perceived importance of certain CSF and the reality of which CSFs are actually being employed as crucial factors of success.

10.6 Reflections on Research Process and Study

Finally, this section will reflect on the process of conducting this study from a perspective of covering the academic journey in terms of methodology and experience but also from a personal perspective on what it meant to the researcher. First and foremost, the process of conducting a PhD changes one profoundly, although not in the way one might think initially. Without venturing into the philosophical too deeply, the sentence attributed to Socrates "The more you learn, the more you realise how little you know", very much applies to this situation at the end of the PhD journey.

Initially, the thought of embarking on this journey sounded like a straight forward thing, one that could be mapped out, sliced into different elements and just travelled along. As perhaps not elaborated upon too much within the actual body of the thesis, it ended up feeling like a survival march through a jungle. Initially, the researcher had a clear idea of how to structure the data collection in order to achieve the aims within the period of three years. However, as early as the first step of data collection it became clear that the participation of hotel general managers is less than freely given. A lot of persuasion was needed for them to complete the shorter first questionnaire, aiming to update the existing CSFs. Having achieved this aim, the researcher decided that the research will be much more meaningful and valid if the reduction of the large number of CSFs was completed through a number of Delphi rounds. However, it was already extremely difficult finding participants to complete the first round of questionnaires (considering that this required the ranking of 264 factors); not to mention the remaining two rounds. All in all, this cost much time and energy and was an extremely difficult part of this PhD data collection. In the end, the researcher collected a substantial amount of data which can be used for future research but for the PhD process this was some sort of setback in terms of scheduling and deadlines. Nevertheless, this has been a huge learning opportunity, teaching the researcher to carefully choose committed participants who are aware of the importance of research. In addition, the need for realistic planning of the research process, allowing sufficient time for future projects, proved to be essential.

In order to achieve all aims of this study, a further questionnaire had to be completed by hotel general managers and owners in order to rank the remaining CSFs which were then used for the confirmatory factor analysis and the development of the strategic framework (aim 4). Again, this was time-consuming and not everything worked according to plan. Overall, having gone through the process, the researcher experienced many challenges, mainly in terms of data collection, which influenced the direction in which the PhD was going. Ideally, another round of questionnaire could have focused on the AHP technique to compare each CSF within a BSC category pair-wise. However due to time

constraints, this was not possible and may present an opportunity for future research.

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Appendix A: CSF Update Questionnaire Design

Dear participant,

This questionnaire is designed to identify Critical Success Factors (CSF) within the hotel industry. In order to ensure that all participants have the same understanding of critical success factors the following description has been provided:

"CSF are factors in a limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. Some CSF are strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry, while others are unique to the company".

The following questionnaire is divided into two sections. The first four questions are designed to collect descriptive statistics and will not be used to identify you or a particular hotel. All answers are anonomised and will be kept confidential.

Section two is aimed at identifying critical success factors in specific areas of operation. Each question contains the critical success factors previously identified in other studies in the answer section. You will have the chance to either agree with the stated critical success factors by checking the box next to it or propose new ones for each area. Please try to identify new CSF in the "other" sections of each question.

#	Questions
1a	How many Rooms/Beds does your hotel have?
1b	How many employees does your hotel have?
1c	How many stars does you hotel have / what segment is you hotel in? (budget, mid-market, luxury)
1d	What location is your hotel in? (Major City, Provincial Town, Inland Rural, Coastal Resort)
2	In your opinion, what are the five most important CSF in the F&B department (Production) and specify new ones that are missing in the selection: Food and Beverage (Production) 1. Producing Consistent Quality Food , 2. Appropriate Standards and Procedures, 3. Efficient Purchase and Supplier Liaison, 4. Minimizing Food Wastage, 5. Using Efficient Production Methods, 6. High Hygiene Standards
3	In your opinion, what are the five most important CSF in the F&B department (Service) and specify new ones that are missing in the selection: Food and Beverage (Service) 7. Providing a High Level of Service, 8. Enhancing Customer Care, 9. High Level of Staff Skills, 10. Appropriate Staff Attitude/Appearance, 11. Quality of ambience and environment, 12. Quality of Food and Drink Presentation
4	In your opinion, what are the five most important CSF in the Front Office department and specify new ones that are missing in the selection: Front Office 13. Accurate and Efficient Reservation System, 14. Staff Sales Skills, 15. Customer Care, 16. Maximisation of Occupancy Levels, 17. Staff Attitudes, 18. R&Y Management
5	In your opinion, what are the five most important CSF in the Back of House area and specify new ones that are missing in the selection: Back of House 19. Clear Programme of Planned Maintenance, 20. Effective Cleaning Schedules, 21. Provision of Effective Security Systems, 22. Maintaining an Effective Laundry System, 23. Effective Inter-Departmental Liaison
6	In your opinion, what are the five most important CSF in the Conference and Banqueting department and specify new ones that are missing in the selection: Conference and Banqueting 24. Competitive Pricing, 25. High Quality Food & Beverage Provision, 26. Providing flexible Facilities, 27. Upselling where possible, 28. Attention to Details & Customer Requirements, 29. Quality of Facilities

7	In your opinion, what are the five most important CSF in Guest Accommodation and specify new ones that are missing in the selection: Guest Accommodation 30. Providing Consistent Quality, 31. Ensuring High Levels of Cleanliness, 32. Meeting Customer Needs, 33. Operating Appropriate Training Programmes, 34. Minimising Costs, 35. Providing a Sufficient Variety of Rooms
8	In your opinion, what are the five most important CSF in Leisure Operations and specify new ones that are missing in the selection: Leisure Operations 36. Providing Quality Facilities, 37. Operating an Appropriate Range of Facilities, 38. Maintaining Membership Levels, 39. Attractiveness of the Facilities, 40. High Quality Staff, 41. High Levels of Cleanliness and Hygiene
9	In your opinion, what are the five most important CSF in the Finance department and specify new ones that are missing in the selection: Accounting and Control 42. Effective Revenue Control Procedures, 43. Accurate Financial Reporting, 44. Budgetary Control Procedures, 45. Prompt Issue of Customer Bills, 46. Effective Bad Debt Control Procedures, 47. Achieving Accurate Costing
10	In your opinion, what are the five most important CSF in Human Resources and specify new ones that are missing in the selection: Human Resources 48. Effective Recruitment and Selection Process, 49. Provision of Regular Training of All Staff, 50. Maintaining Staff Moral and Loyalty, 51. Reducing Staff Turnover, 52. Conducting Appropriate Staff Appraisal, 53. Effective Staff development
11	In your opinion, what are the five most important CSF in Marketing and Sales and specify new ones that are missing in the selection: Marketing and Sales 54. Maintenance of Market Share, 55. Effective Competitor Intelligence, 56. Effective Advertising, 57. Effective Market Intelligence, 58. Effective Customer Database, 59. Well Trained Sales Staff
12	In your opinion are there any other areas in which you could identify CSF Management Ownership Structure Capital Structure Etc.

Appendix B: Expert Questionnaire Round One

Dear participant,

My name is Dario tom Dieck and I am a PhD researcher at Manchester Metropolitan University. This questionnaire is designed to identify Critical Success Factors (CSF) within the hotel industry. The questionnaire will be analysed anonymously. Your answers are kept confidential and will be used for academic purposes only. You have the possibility to withdraw from this questionnaire at any time. If you have any further questions you can contact me under dario.tom-dieck@ritz.edu.

Version for General Managers

What is your name? (It won't be used in the analysis but is important in case the researcher has further questions)	
What is your position within the hotel?	
How many rooms/beds does your hotel have?	
How many employees does your hotel have?	
How many stars does you hotel have / what segment is you hotel in? (budget, mid-market, luxury)	
What location is your hotel in? (Major City, Provincial Town, Inland Rural, Coastal Resort)	
What are your main target markets? (Business, Leisure, Families, Conference and events)	

Version for Hotel Expert

What is your name? (It won't be used in the analysis but is important in case the researcher has further questions)	
What is your current position? What is your area of expertise?	
Have you worked in the hospitality industry?/ How many years ?	

In order to ensure that all participants have the same understanding of critical success factors the following description has been provided:

"CSF are factors in a limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. Some CSF are strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry, while others are unique to the company".

Please rank the following CSF on a scale from 1 (Not critical at all) to 5 (Highly Critical)

Critical Success Factor	1	2	3	4	5
Staff empowerment					
Staff training					
Employee development					
Employee satisfaction					
Ensuring good employee attitude					
Well-trained, high quality staff					
Professional staff					
Staff education in tourism and hospitality					
Staff with cross cultural knowledge					
International work experience					
Multilingual Staff					
Low absenteeism rate					
Employees' ability to use technological equipment					
Staff involvement					
Staff retention					
Employee commitment					
Staff experience					
Staff incentive and reward schemes					
Employee opinion survey					
Enquiry handling					
Staff appearance					
Multi skill training					

Utilising promotion opportunities				
Revenue control				
Cost control				
Prompt issue of customer bills				
Accurate financial reporting				
Proper financial management				
Return on investment				
General and administrative costs				
Year-on-year sales growth				
Profit maximization				
High profitability				
Strict budgetary control				
Effective bad debt control procedures				
Payroll percentage of revenue				
Gross operating profit percentage				
Customer payment time				
Minimising costs				
Central sales/reservation/yield system				
Customer retention				
Customer database & profiling				
Customer loyalty/repeat business				
Customer surveys/feedback, effective system to receive feedback				
Yield maximisation (occupancy & average room rate)				
Using web sites for promotion				
Internet usage level				
Accessing customers via internet				
Accessing target market directly by e-mail				
Intranet usage level				
Popular internet sites advertisements				
Customer Relationship Management (CRM)				
Operating Management System				
Consistent service standards				
Personalised service				
Warmth of guest welcome, willingness to help				
Operational flexibility/responsiveness				
Responsiveness to customer demands				
Efficiency of guest service				
Hygiene and cleanliness				
Quality Standards				
Guest satisfaction (service), good ratings				
Provision of high levels of customer care				
High food and beverage standards				
Applying the principle of the "customer is king"				
Availability of room at check in				
Attention to detail				
Enhance customer experience				
Negotiate and maintain corporate contracts				
Disciplined operational controls				
Quality audits				
Training for HR				
Staff recruitment and selection				
Operating clear programmes of maintenance				
Clear objectives and goals				
Proper policies				
Clear strategies				
Communication of strategy				
Clear lines of communication/ interdepartmental communication				
Clear delegation of authority				
Management, leadership				
Turnover rate				
Employee payment level (low/high relative to competitors)				
Owner involvement				
Strong staff team				
Monitoring competitor activity				
Strategic human resource management				
Increasing efficiency by reducing complexity				
Maintaining Staff Moral and Loyalty				
Operational controls				
Feedback to employees				
Management Handling guest complaints and promoting guests relations				

Management communication					
Management implementing policies and delegating responsibility					
Monitoring operations and maintaining quality					
Management handling personal responsibilities					
Non-financial reports					
Strict supervision of operations					
Building management competencies					
Management training					
Management style					
Effective Marketing and Sales					
Traditional marketing					
Effective advertising					
Marketing expertise					
Maintaining good sales promotion					
Conducting market research					
Conducting appropriate staff appraisal/evaluation					
Standardised hotel design/room design					
Size of hotel network					
Geographic coverage of hotel network					
Guests safety and security					
Low guest bedroom prices					
Providing a limited service level					
Strong brand differentiation/ brand strength					
Consistent pricing policy					
Utilising attractive advertising or promotions					
Superior product (physical)					
Increase market share					
Segmentation of market					
Providing competitive offers					
Innovation strategy					
Use of up-to-date Technology					
Raise brand awareness					
Using customers effectively in promotion activities					
Creating unique selling points					
Innovative information technology					
Degree of internet usage for communication					
Encouraging innovation					
Effective cleaning schedule					
Achieving marketing synergy					
Price competition					
Achieving management synergy					
Degree of customer diversification					
Following environmental policies					
Performance by business segment					
Maximising utilization of facilities					
Use of mystery guests					
Efficient operations					
Effective inter-departmental liaison					
Convenient/ Superior/ Accessible locations					
Providing quality of ambience and environment					
Good value restaurants					
Providing Smoking and non-smoking rooms					
Size of guest bedroom					
Guest bedroom comfort level					
Providing enough parking area					
Provision of a variety of amenities					
Convenient and tasty breakfast					
Providing high quality facilities					
Ensuring appearance of facilities is attractive					
Providing comfortable public hotel areas					
Range of facilities					
Providing a selection of restaurants					
Hotel size					
Hotel type					
Providing a sufficient variety of rooms					
Flexibility of facilities					
Evaluating market attractiveness					
Ensuring market responsiveness					
Conducting environmental analysis					
Organisational structure					
Economic situation					

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Making clear market selections					
Creating and implementing a marketing strategy					
Top Management commitment					
Reputation					
Brand value growth					
Achieving market penetration in target market					
Product range development					
Risk management practices					
Benchmarking and competition comparison					
Conducting departmental/hotel fair share analysis					
Provision of value for money					
Clear signs for direction within hotel					
Benchmarking promotional costs relative to competitors					
Measuring guests acceptance of service					
Effective promotion for your business facility					
International TV advertisement					
Use of online platforms for guest acquisition					
Development capabilities and the execution of brand promise					
Measurement and improvement of efficiency					
Home away from home					
Footfall numbers					
Networked enterprises					
Monitoring economic and political climate					
Monitoring legal requirements					
Maintaining membership levels for leisure operations					
Quality of food presentation					
Locally sourced products/ Fresh products					
Strong Leadership/ Staff management					
Separation of food and general waste					
Enough manning to deliver 4/5 star service					
Compliance HACCP/COSHH					
Menu variance					
Keeping beverage cost low					
Staff friendliness					
Differentiation from competition					
Ensuring fast service					
Staff alignment on all levels					
Food and drink expertise					
Ensuring staff are motivated and passionate					
Efficient and accurate front office (FO) operating system					
Loyalty programs, point service					
Good concierge service					
Lobby Atmosphere					
Ensuring staff have communication skills					
Utilising targeted marketing					
Differentiating between good volume and unbeneficial volume					
Regular updates of online prices on intermediaries					
Capturing special requests					
Effective Sales team					
Organisational skills					
Evaluation of data/information gathered					
Maintaining sufficient operating utilities					
Providing staff retreat areas					
In-house canteen					
Supervision of housekeeping activities					
Encourage guest engagement					
Provision of fast wireless and cable internet					
Providing sufficient technology (iPod docks, flat screen, Wi-Fi)					
Exceeding customer needs and expectations					
Flexible staff					
Attraction of locals to use leisure facilities					
Adaptation to trends					
Views from the hotel/room					
Payroll cost control					
Discount packages					
Managing working capital/ cash flow					
Effective control of staff costs					
Providing and enforcing standard operating procedures					
F&B cost control					
Accurate forecasting procedures					
Treasury functions					

Appropriate integration of systems (IT) supporting efficiency					
Supporting existing staff to be promoted					
Providing staff accommodation					
Recruiting on an international basis					
Having an "open door policy"					
Effective use of new media					
Good competitor relationships to share/refer business at times					
Communication of promotions to appropriate departments					
Effective use of multi-channel advertisement					
Search engine optimisation					
Attractiveness of website					
Proactive staff					
Interpersonal qualities of staff					
Close cooperation with Revenue Management to achieve best segmentation					
Long term planning/strategic approach					
Clear understanding of vision/mission and objectives of company					
Ownership structure					
Ownership involved in managed hotels/ ownership involvement in daily operations					
Short term planning					
Investment programs					
Creating a strong company culture/team spirit					
Relationship between hotel owners and hotel management					
Management company					
Bureaucratic procedures					
Understanding, managing and meeting owner expectations					
Managing FF&E, reserves, lease coverage					
Strong management team on operational level					
Financial management – external control procedures and revisions					
Lean management					

Appendix C: Expert Questionnaire Round Two

In order to ensure that all participants have the same understanding of critical success factors the following description has been provided:

"CSF are factors in a limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. Some CSF are strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry, while others are unique to the company".

Please rank the following CSF on a scale from <u>1 (Not critical at all)</u> to 5 (Highly Critical)

Critical Success Factor	1	2	3	4	5
Staff training					
Employee development					
Employee satisfaction					
Ensuring good employee attitude					
Well-trained, high quality staff					
Professional staff					
Staff retention					
Employee commitment					
Revenue control					
Cost control					
Accurate financial reporting					
Proper financial management					
Return on investment					
General and administrative costs					
Profit maximization					
Strict budgetary control					
Effective bad debt control procedures					
Customer retention					
Customer database & profiling					
Customer loyalty/repeat business					
Customer surveys/feedback, effective system to receive feedback					
Yield maximisation (occupancy & average room rate)					
Internet usage level					
Accessing customers via internet					
Customer Relationship Management (CRM)					
Consistent service standards					
Personalised service					
Warmth of guest welcome, willingness to help					
Operational flexibility/responsiveness					
Responsiveness to customer demands					
Hygiene and cleanliness					
Quality Standards					
Guest satisfaction (service), good ratings					
Provision of high levels of customer care					
High food and beverage standards					
Enhance customer experience					
Staff recruitment and selection					
Clear objectives and goals					
Proper policies					
Clear strategies					
Communication of strategy					
Clear lines of communication/ interdepartmental communication					
Clear delegation of authority					
Management, leadership					
Operational controls					
Feedback to employees					
Management communication					
Management implementing policies and delegating responsibility					
Monitoring operations and maintaining quality					
Effective Marketing and Sales					
Guests safety and security					
Strong brand differentiation/ brand strength					
Utilising attractive advertising or promotions					
Superior product (physical)					
Providing competitive offers					
Innovation strategy					
Raise brand awareness					

Creating unique selling points					
Efficient operations					
Effective inter-departmental liaison					
Convenient/ Superior/ Accessible locations					
Providing quality of ambience and environment					
Guest bedroom comfort level					
Providing high quality facilities					
Ensuring appearance of facilities is attractive					
Providing comfortable public hotel areas					
Creating and implementing a marketing strategy					
Top Management commitment					
Reputation					
Brand value growth					
Achieving market penetration in target market					
Risk management practices					
Benchmarking and competition comparison					
Provision of value for money					
Use of online platforms for guest acquisition					
Measurement and improvement of efficiency					
Monitoring legal requirements					
Quality of food presentation					
Strong Leadership/ Staff management					
Enough manning to deliver 4/5 star service					
Compliance HACCP/COSHH					
Staff friendliness					
Differentiation from competition					
Ensuring staff are motivated and passionate					
Efficient and accurate front office (FO) operating system					
Loyalty programs, point service					
Good concierge service					
Lobby Atmosphere					
Ensuring staff have communication skills					
Utilising targeted marketing					
Regular updates of online prices on intermediaries					
Effective Sales team					
Organisational skills					
Evaluation of data/information gathered					
Maintaining sufficient operating utilities					
Provision of fast wireless and cable internet					
Exceeding customer needs and expectations					
Flexible staff					
Payroll cost control					
Managing working capital/ cash flow					
Effective control of staff costs					
Providing and enforcing standard operating procedures					
F&B cost control					
Accurate forecasting procedures					
Appropriate integration of systems (IT) supporting efficiency					
Search engine optimisation					
Attractiveness of website					
Proactive staff					
Interpersonal qualities of staff					
Long term planning/strategic approach					
Clear understanding of vision/mission and objectives of company					
Investment programs					
Creating a strong company culture/team spirit					
Relationship between hotel owners and hotel management					
Strong management team on operational level					
Financial management – external control procedures and revisions					

Appendix D: Expert Questionnaire Round Three

In order to ensure that all participants have the same understanding of critical success factors the following description has been provided:
"CSF are factors in a limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. Some CSF are strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry, while others are unique to the company".

Please rank the following CSF on a scale from <u>1 (Not critical at all)</u> to <u>5 (Highly Critical)</u>

Critical Success Factor	1	2	3	4	5
Staff training					
Employee development					
Employee satisfaction					
Ensuring good employee attitude					
Well-trained, high quality staff					
Professional staff					
Employee commitment					
Revenue control					
Cost control					
Accurate financial reporting					
Proper financial management					
Return on investment					
General and administrative costs					
Profit maximization					
Strict budgetary control					
Effective bad debt control procedures					
Customer retention					
Customer database & profiling					
Customer loyalty/repeat business					
Customer surveys/feedback, effective system to receive feedback					
Yield maximisation (occupancy & average room rate)					
Accessing customers via internet					
Customer Relationship Management (CRM)					
Consistent service standards					
Personalised service					
Warmth of guest welcome, willingness to help					
Hygiene and cleanliness					
Quality Standards					
Guest satisfaction (service), good ratings					
Provision of high levels of customer care					
High food and beverage standards					
Enhance customer experience					
Staff recruitment and selection					
Clear objectives and goals					
Proper policies					
Clear strategies					
Communication of strategy					
Clear lines of communication/ interdepartmental communication					
Clear delegation of authority					
Management, leadership					
Operational controls					
Feedback to employees					
Management communication					
Management implementing policies and delegating responsibility					
Monitoring operations and maintaining quality					
Effective Marketing and Sales					
Guests safety and security					
Strong brand differentiation/ brand strength					
Superior product (physical)					
Providing competitive offers					
Innovation strategy					
Creating unique selling points					
Efficient operations					
Effective inter-departmental liaison					

Convenient/ Superior/ Accessible locations				
Providing quality of ambience and environment				
Guest bedroom comfort level				
Providing high quality facilities				
Ensuring appearance of facilities is attractive				
Providing comfortable public hotel areas				
Creating and implementing a marketing strategy				
Top Management commitment				
Reputation				
Brand value growth				
Achieving market penetration in target market				
Benchmarking and competition comparison				
Provision of value for money				
Use of online platforms for guest acquisition				
Measurement and improvement of efficiency				
Monitoring legal requirements				
Quality of food presentation				
Strong Leadership/ Staff management				
Enough manning to deliver 4/5 star service				
Staff friendliness				
Differentiation from competition				
Ensuring staff are motivated and passionate				
Efficient and accurate front office (FO) operating system				
Loyalty programs, point service				
Ensuring staff have communication skills				
Utilising targeted marketing				
Regular updates of online prices on intermediaries				
Effective Sales team				
Organisational skills				
Evaluation of data/information gathered				
Maintaining sufficient operating utilities				
Provision of fast wireless and cable internet				
Exceeding customer needs and expectations				
Flexible staff				
Payroll cost control				
Managing working capital/ cash flow				
Effective control of staff costs				
Providing and enforcing standard operating procedures				
F&B cost control				
Accurate forecasting procedures				
Appropriate integration of systems (IT) supporting efficiency				
Attractiveness of website				
Proactive staff				
Interpersonal qualities of staff				
Long term planning/strategic approach				
Clear understanding of vision/mission and objectives of company				
Investment programs				
Creating a strong company culture/team spirit				
Relationship between hotel owners and hotel management				
Strong management team on operational level				
Financial management – external control procedures and revisions				

Appendix E: Final Large-Scale Questionnaire Online Version

Dear participant,
My name is Dario tom Dieck and I am a PhD researcher at Manchester
Metropolitan University. This questionnaire is designed to identify Critical
Success Factors (CSF) within UK's hotel industry. The questionnaire will be
analysed anonymously. Your answers are kept confidential and will be used for
academic purposes only. You have the possibility to withdraw from this
questionnaire at any time. If you have any further questions you can contact me
under dariotomdieck@gmail.com.

Gender

- ○ Male
- ○ Female

Age

- ○ 24 and below
- ○ 25–34
- ○ 35–44
- ○ 45–54
- ○ 55 and over

Educational level

- ○ Without university degree
- ○ With university degree

Management position

- ○ General Manager
- ○ Mid-level management
- ○ Owner

Number of years of experience in the Hotel Industry

- ○ 3 years and below
- ○ 3 – 6 years
- ○ 6 – 9 years
- ○ 9 – 12 years
- ○ 12 years and over

Hotel Category

○ 3 star and below

○ 4 star

○ 5 star

○ Other, please specify: [   ]

Target market

☐ Leisure

☐ Business

☐ Events and Conferences

☐ Other, please specify: [   ]

Location

○ Major city

○ Rural

○ Coastal resort

○ Provinvial town

○ Other, please specify: [   ]

Number of Employees

[Enter your response here]

Number of rooms

[Enter your response here]

Hotel type

○ Independent

○ Chain

○ Other, please specify: [   ]

→

Critical Success Factors (CSF) are "factors in a limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. Some CSF are strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry, while others are unique to the company".

Please rank the following CSF on a scale from 1 (Not critical at all) to 5 (Highly Critical)

	1	2	3	4	5
Staff training	○	○	○	○	○
Well-trained, high quality staff	○	○	○	○	○
Employee commitment	○	○	○	○	○
Revenue control	○	○	○	○	○
Cost control	○	○	○	○	○
Accurate financial reporting	○	○	○	○	○
Proper financial management	○	○	○	○	○
Return on investment	○	○	○	○	○
Profit maximization	○	○	○	○	○
Customer retention	○	○	○	○	○
Customer loyalty/repeat business	○	○	○	○	○
Yield maximisation (occupancy & average room rate)	○	○	○	○	○
Consistant service standards	○	○	○	○	○
Hygiene and cleanliness	○	○	○	○	○
Quality Standards	○	○	○	○	○
Guest satisfaction (service), good ratings	○	○	○	○	○
Clear objectives and goals	○	○	○	○	○

For demonstation purposes of the online design the above screenshots were included. The remaining factors are the same as shown below in the paper based version.

Appendix F: Final Large-Scale Questionnaire Paper Version

Dear participant,

My name is Dario tom Dieck and I am a PhD researcher at Manchester Metropolitan University. This questionnaire is designed to identify Critical Success Factors (CSF) within UK's hotel industry. The questionnaire will be analysed anonymously. Your answers are kept confidential and will be used for academic purposes only. You have the possibility to withdraw from this questionnaire at any time. If you have any further questions you can contact me under dariotomdieck@gmail.com.

_____

Part 1

| Gender | ☐ | Male |
| | ☐ | Female |

Age	☐	24 and below
	☐	25-34
	☐	35-44
	☐	45-54
	☐	55 and over

| Education | ☐ | Without university degree |
| | ☐ | With university degree |

Management Position	☐	General Manager
	☐	Mid-level Management
	☐	Owner

Experience in the Hotel Industry	☐	3 years and below
	☐	3 - 6 years
	☐	6 - 9 years
	☐	9 - 12 years
	☐	12 years and over

Hotel Category	☐	3 star and below
	☐	4 star
	☐	5 star

Target Market	☐	Other: Please specify:_____
	☐	Leisure
	☐	Business
	☐	Events and Conferences
	☐	Other, Please specify:_____

Location	☐	Major City
	☐	Rural
	☐	Coastal Resort
	☐	Provincial Town
	☐	Other, Please specify:_____

Number of Employees   _____

Number of Rooms   _____

Hotel Type	☐	Independent
	☐	Chain
	☐	Other, Please specify:_____

_____

Part 2

Critical Success Factors (CSF) are "factors in a limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. Some CSF are strategic requirements or constraints for the particular ways a company does business. Some are necessary for success in a particular industry, while others are unique to the company".

Please rank the following CSF on a scale from 1 (Not critical at all) to 5 (Highly Critical)

	1	2	3	4	5
Staff training					
Well-trained high quality staff					
Employee commitment					
Revenue control					
Cost control					
Accurate financial reporting					
Proper financial management					

	1	2	3	4	5
Return on investment					
Profit maximization					
Customer retention					
Customer loyalty/repeat business					
Yield maximisation (occupancy & average room rate)					
Consistent service standards					

	1	2	3	4	5
Hygiene and cleanliness					
Quality Standards					
Guest satisfaction (service), good ratings					
Clear objectives and goals					
Clear strategies					
Communication of strategy					
Clear lines of communication/ interdepartmental communication					
Clear delegation of authority					
Management, leadership					
Operational controls					
Effective Marketing and Sales					
Providing competitive offers					
Creating unique selling points					
Efficient operations					
Providing quality of ambience and environment					
Guest bedroom comfort level					
Providing high quality facilities					
Ensuring appearance of facilities is attractive					
Top Management commitment					

Please rank the following CSF on a scale from 1 (Not critical at all) to 5 (Highly Critical)

	1	2	3	4	5
Reputation					
Achieving market penetration in target market					
Benchmarking and competition comparison					
Provision of value for money					
Use of online platforms for guest acquisition					
Strong Leadership/ Staff management					
Enough manning to deliver 4/5 star service					
Staff friendliness					
Ensuring staff are motivated and passionate					
Ensuring staff have communication skills					
Organisational skills					
Evaluation of data/information gathered					
Provision of fast wireless and cable internet					
Exceeding customer needs and expectations					
Flexible staff					
Managing working capital/ cash flow					
Effective control of staff costs					
Providing and enforcing standard operating procedures					
Appropriate integration of systems (IT) supporting efficiency					
Attractiveness of website					
Proactive staff					
Interpersonal qualities of staff					
Long term planning/strategic approach					
Clear understanding of vision/mission and objectives of company					
Strong management team on operational level					

Please rank the following statements from 1 (Strongly Disagree) to 5 (Strongly Agree)

	1	2	3	4	5
Overall I believe, our guests are satisfied					
I believe, our guests are satisfied with the level of service they receive					
I believe, our guests are satisfied with the facilities of our hotel					
I believe, our customers are willing to return to us					
I believe our customers are loyal					

Please rank the following statements from 1 (Strongly Disagree) to 5 (Strongly Agree)

	1	2	3	4	5
I believe our employees are satisfied with the reward they receive from theis company					
I believe our employees are satisfied with the promotion opportunity of this company					
I believe our employees are satisfied with the job nature of this company					
I believe our employees are satisfied with the relationship to their fellow workers of this company					
I believe our employees are satisfied with the supervision of their supervisor of this company					

Please rank the following statements from 1 (Strongly Disagree) to 5 (Strongly Agree)

	1	2	3	4	5
Overall, I believe we are successful					
Overall, I believe our profitability is satisfactory					
I believe our market share is satisfactory					
I believe our sales are satisfactory					
I believe our revenue per available room (RevPAR) is satisfactory					
I believe in comparison to our competitors we are successful					
I believe we are successful compared to last year's performance					

Thank you very much for your participation.

If you are interested in the result please write an e-mail to:

dariotomdieck@gmail.com

Appendix G: Previous CSF & KPI within Tourism Context

	#	Geller 1985 — CSF Hotels USA	Umbreit and Eder, 1987 — KPI Hotel chains USA	Pyo and Chang 1995 — CSF Hotel Feasibility Korea	Brown et al. 1995 — CSF and KPI Hotels USA	Gundersen et al. (1996) — CSF Hotels Norway	Hansen and Eringen 1999 — CSF Yield Management Netherlands	Brotherton 2004b — CSF Corp. Hotels UK	Brotherton 2004a — CSF Budget Hotels UK	McIntosh and Siggs, 2005 — CSF Boutique Accommodation	Ottenbacher and Gnoth 2005 — CSF Hotel Innovation Germany	Olsen et al (2005) — CSF Branding International Hotels	Phillips and Louvieris (2005) — CSF Hotels UK	Flanagan (2005) — CSF Irish Hotels	Kilic and Okumus (2005) — CSF 5 star Hotels Cyprus	O'Donoghue and Luby (2006) — CSF Irish Hotels	Kandampully (2006) — CSF International Hotels	Ottenbacher et al. 2006a — CSF Hotels Germany	Ottenbacher et al 2006b — CSF Hotel Innovation Germany	Aggett 2007 — Factors for Hotel Growth UK	Hua et al. 2009 — CSF Budget Hotels China	Kruger et al. 2010 — CSF Hotel Management South Africa	Avcikurt et al., 2011 — CSF Hotels Turkey	Jaafar 2011 — CSF Coastal and Island Resort Hotels	Melia (n.d.) — CSF Hotels Ireland	Wu and Lu(2012) — CSF Hotels Taiwan	Krambia-Kapardis and Thomas, 2006 — KPI in Cyprus Hotel	Nuntsu et al., 2004 — CSF B&B South Africa	Harris and Mongiello (2001) — KPI european hotels
Staff empowerment	5								x		x								x				x	x					
Staff training	13						x	x	x		x				x			x	x				x	x	x	x		x	x
Employee development	3							x																		x	x		

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Indicator	Count	c1	c2	c3	c4	c5	c6	c7	c8	c9	c10	c11	c12	c13	c14	c15	c16	c17
Employee satisfaction	2															x	x	
Employee Attitude	2	x		x														
Well-trained, high quality staff	6				x		x			x			x		x	x		
Professional staff	3												x		x	x		
Education in tourism and hospitality	1												x					
Cross cultural knowledge	1												x					
International work experience	1												x					
Multilingual Staff	1													x				
Absenteeism rate	1													x				
Employees' ability degree to use technological equipment	1													x				
Staff involvement	1											x						
Staff retention	2														x		x	
Employee commitment	6				x	x	x	x			x	x						
Staff experience	1					x												
Staff incentive and reward schemes	1					x												
Employee opinion survey	1																	x
Enquiry handling	1													x				
Staff appearance	1													x				
Multi skill training	1									x								
promotion opportunities	1									x								
Revenue control	3						x								x			x
Cost control	8	x	x	x			x		x	x					x		x	
Prompt issue of customer bills	2						x								x			

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Item		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Accurate financial reporting	4				x									x		x	x	
Proper financial management	1													x				
Total amount of sales	2														x			x
Return on investment	2		x												x			
General and administrative costs	1														x			
Year-on-year sales growth	1								x									
increased revenue as part of a growth strategy	1								x									
improvement of the hotel's financial position	1								x									
profit maximization	2		x						x									
Profitability	2								x		x							
Budgetary control	2				x										x			
Effective bad debt control procedures	2	x			x													
Payroll percentage of revenue	1																	x
Gross operating profit percentage	1																	x
Customer payment time	2																x	x
Minimising costs	1				x													
Central sales/reservation/yield system	8			x		x	x			x			x	x		x	x	
Customer retention	2					x					x							
Customer database & profiling	3				x			x									x	
need to win new and retain existing customers, CRM	3						x	x									x	
Customer loyalty/repeat business	3					x	x					x						

Customer surveys/feedback, effective system to receive feedback	2								x												x								
Yield maximisation (occupancy & ARR)	4	x		x	x		x																						
Using web sites for promotion	1																					x							
Internet usage level	1																					x							
Accessing customers via internet	1																					x							
Accessing target market directly by e-mail	1																					x							
Intranet usage level	1																					x							
Popular internet sites advertisements	1																					x							
Accurate FO system	1					x																							
CRM	1												x																
Operating Management System	1											x																	
Consistent service standards	10						x	x					x					x	x	x		x			x	x	x		
Personalised service	2								x											x									
Warmth of guest welcome, willingness to help	3							x												x			x						
Operational flexibility/responsiveness	3							x												x			x						
Responsiveness to customer demands	3							x												x						x			
Speed of guest service	2							x												x									
Efficiency of guest service	4				x			x												x			x						
Hygiene and cleanliness	6						x	x												x	x		x		x				
Quality Standards	11						x	x	x	x		x		x				x	x		x	x			x			
Guest satisfaction (service), good ratings	11	x		x	x								x	x	x						x	x		x	x		x		
Provision of high levels of customer care	5						x									x						x		x	x				

	Count	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17
High food and beverage standards	1												x					
Applying the principle of the "customer is king"	1												x					
International standards of service	1																x	
Increasing service contributions	1									x								
Availability of room at check in	1		x															
Attention to detail	1															x		
customer experience	1								x									
customer perceptions	1								x									
Corporate contracts	2					x						x						
Disciplined operational controls	2					x										x		
Quality audits	1					x												
Training for HR	1																	x
Staff recruitment and selection	6			x	x	x			x		x					x		
Operating clear programmes of maintenance	3				x										x	x		
Clear objectives and goals	2						x						x					
Proper policies	1												x					
Clear strategies	3	x											x			x		
Communication of strategy	2	x												x				
Clear lines of communication/ interdep.comm	2			x									x					
Clear delegation of authority	1												x					
Management, leadership	3							x						x		x		

		A	B	C	D	E	F	G	H	I	J	K	L	M	N
Turnover rate	3					x				x		x			
Employee payment level (low/high relative to competitors)	1											x			
Owner involvement	1													x	
Strong staff team	1													x	
monitoring competitor activity	1								x						
strategic human resource management	2						x	x							
achievement of efficiencies through unbundling	1										x				
Maintaining Staff Moral and Loyalty and Motivation	5		x	x		x				x				x	
Operational controls	1	x													
Feedback to employees	1				x										
Mgmt Handling guest complaints and promoting guests relations	1		x												
Mgmt communication	1		x												
Mgmt implementing policy, making decisions and delegating responsibility	1		x												
Monitoring operations and maintaining quality	1		x												
Mgmt handling personal responsibilities	2		x										x		
Non-financial report	1														x
management tasks	1									x					
supervision	1									x					
management competencies	1									x					

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
management training	1								x							
management style	1								x							
Marketing and Sales	3		x						x						x	
Traditional marketing	1												x			
Effective advertising	3				x				x	x					x	
Marketing expertise	1							x								
Maintaining good sales promotion	1		x													
Degree of marketing search	1												x			
conducting approprite staff apraisal	1				x											
Standardised hotel design	2					x					x					
Size of hotel network	2					x					x					
Geographic coverage of hotel network	3					x	x				x					
Guests safety and security	5				x	x					x			x	x	
Low guest bedroom prices	2					x					x					
Limited service level	2					x					x					
Strong brand differentiation/ brand strength	3					x	x				x					
Consistent pricing policy	2					x					x					
Attractive advertising or promotions	1										x					
Superior product (physical)	2	x		x												
Increase market share	5	x		x	x								x			x
Segmentation of market	2	x		x												
Charging competitive and affordable prices and rate	2				x							x				

		A	B	C	D	E	F	G	H	I	J	K	L	M
Innovation strategy	2												x	x
Technological update	2											x	x	
Raise brand awareness	1										x			
Using customers effectively in promotion activities	1												x	
Uniqueness of services	3			x							x		x	
Innovative information technology	5					x		x	x		x		x	
Degree of internet usage for communication	1												x	
Encouraging innovation	1						x							
improving the capability of management and staff and organisational development	1						x							
investment in staff	1					x								
Effective cleaning schedule	3	x	x											x
marketing synergy	3				x					x	x			
service advantage	1										x			
Price competition	1										x			
management synergy	1										x			
Formalization	1										x			
degree of customer diversification	1													x
environmental policies	1													x
Performance by business segment	1													x
Product line and category extension	1													x
Utilization of facilities	1													x

use of mystery guests	1															x
Efficient operations	2					x										x	
Standardised procedures	1															x	
Effective inter-departmental liaison	1					x											
Convenient/ superior locations	9	x	x	x			x	x		x	x	x			x		
Consistent accommodation standards	2						x		x								
Providing quality of ambience and environment	1													x			
Good value restaurants	2						x					x					
Smoking and non-smoking rooms	2						x					x					
Design/look of guest bedrooms	2						x					x					
Size of guest bedroom	2						x					x					
Guest bedroom comfort level	4				x		x					x		x			
Choice of room type for guests	2						x					x					
Added-value facilities in guest rooms	2						x					x					
Enough Parking Area	1											x					
Colour of hotel exterior and room	1											x					
Provision of all kinds of amenities	4				x			x				x	x				
Provision of internet service	1											x					
Convenient and tasty breakfast	1											x					
Providing high quality facilities	4					x					x		x	x			
improving attractiveness of facilities	3	x				x										x	
Physical appearance	1				x												

Item	Count	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11
Comfort of Hotel areas	2		x									x
Range of facilities	2		x		x							
Number of restaurants	1		x									
Standardisation	1							x				
Hotel size	1							x				
Hotel type	1							x				
providing a sufficient variety of rooms	1				x							
Flexibility of facilities	2				x							x
market attractiveness	4					x			x	x		x
market responsiveness	3								x	x		x
environmental analysis	1											x
organisation strucutre	1											x
scale of economy	1											x
investment	1	x										
market selection	1										x	
marketing strategy	1											x
Top Management commitment	1			x								
competitive offerings	1									x		
Reputation	1									x		
Benchmark	1											x
Brand value growth	2						x					x
customer penetration	1											x
Product availability	1											x
Product range development	1											x
Risk management practices	1											x

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Benchmarking and competition comparison	3				x													x		x
Fair share analysis	1																			x
Provision of value for money	8	x	x	x		x	x						x			x	x			
Upselling where possible	1				x															
Benefits for members	1												x							
Convenient transportation with signs	1												x							
High standards of maintenance of facilities	1													x						
Promotion costs relative to competitors	1														x					
Service acceptance degree	2														x			x		
Market acceptance of your service	1														x					
Effectif promotion for your business facility	1														x					
International TV advertisement	1														x					
Internet effect to room sales	1														x					
productivity and staff as drivers of innovation and teamwork	1									x										
Development capabilities and the execution of brand promise	2		x						x											
efficiency ratings and innovation	1										x									
behaviour based evaluation	2							x				x								
Home away from home	1												x							
Footfall numbers	1																	x		
Networked enterprises	1																		x	
Access to a dedicated fund for business and reduced operating expenses	1																		x	

monitoring economic and political climate	1													x													
monitoring legal requirements	1													x													
maintaining membership levels	1					x																					

Appendix H: Application of Proposed Model

4 Star	
1. Internal Process Factors	4.36
2. Customer Factors	4.18
3. Learning and Growth Factors	4.12
4. Financial Factors	4.06

5 Star	
1. Internal Process Factors	4.51
2. Customer Factors	4.50
3. Learning and Growth Factors	4.45
4. Financial Factors	4.08

Independent	
1. Internal Process Factors	4.34
2. Customer Factors	4.26
3. Learning and Growth Factors	4.12
4. Financial Factors	3.97

Chain	
1. Internal Process Factors	4.42
2. Financial Factors	4.32
3. Learning and Growth Factors	4.12
4. Customer Factors	3.96

Independent	
1. Customer Factors	4.52
2. Internal Process Factors	4.49
3. Learning and Growth Factors	4.43
4. Financial Factors	4.09

Chain	
1. Internal Process Factors	4.60
2. Learning and Growth Factors	4.53
3. Customer Factors	4.42
4. Financial Factors	4.00

Figure: 4 and 5 Stars/ Independent and Chain

4 Star				
1. Internal Process Factors	**4.36**		**3. Learning and Growth Factors**	**4.12**
Hygiene and cleanliness	4.60		Staff friendliness	4.27
Consistent service standards	4.38		Staff Training	4.13
Guest bedroom comfort level	4.33		Well-trained high quality staff	4.13
Quality standards	4.27		Employee commitment	4.13
Ensuring appearance of facilities is attractive	4.24		Ensuring staff are motivated and passionate	3.93
2. Customer Factors	**4.18**		**4. Financial Factors**	**4.06**
Customer retention	4.36		Yield maximization	4.18
Customer loyalty/repeat business	4.31		Cost control	4.13
Guests satisfaction (service), good ratings	4.24		Proper financial management	4.07
Exceeding customer needs and expectations	3.80		Revenue Control	4.04
			Accurate financial reporting	3.89

Independent	
1. Internal Process Factors	**4.34**
Hygiene and cleanliness	4.58
Consistent service standards	4.36
Guest bedroom comfort level	4.30
Quality standards	4.27
Ensuring appearance of facilities is attractive	4.21
2. Customer Factors	**4.26**
Customer retention	4.45
Guests satisfaction (service), good ratings	4.39
Customer loyalty/repeat business	4.36
Exceeding customer needs and expectations	3.82
3. Learning and Growth Factors	**4.12**
Staff friendliness	4.30
Well-trained high quality staff	4.15
Employee commitment	4.15
Staff Training	4.00
Ensuring staff are motivated and passionate	4.00
4. Financial Factors	**3.97**
Yield maximization	4.15
Cost control	4.12
Revenue Control	3.97
Proper financial management	3.91
Accurate financial reporting	3.70

Chain	
1. Internal Process Factors	**4.42**
Hygiene and cleanliness	4.67
Guest bedroom comfort level	
Consistent service standards	4.42
Ensuring appearance of facilities is attractive	4.33
Quality standards	4.25
2. Financial Factors	**4.32**
Cost control	4.17
Revenue Control	4.25
Yield maximization	4.25
Proper financial management	4.50
Accurate financial reporting	4.42
3. Learning and Growth Factors	**4.12**
Staff Training	4.50
Staff friendliness	4.17
Well-trained high quality staff	4.08
Employee commitment	4.08
Ensuring staff are motivated and passionate	3.75
4. Customer Factors	**3.96**
Customer loyalty/repeat business	4.17
Customer retention	4.08
Guests satisfaction (service), good ratings	3.83
Exceeding customer needs and expectations	3.75

Figure: 4 Star Independent/Chain

5 Star				
1. Internal Process Factors	**4.51**		**3. Learning and Growth Factors**	**4.45**
Hygiene and cleanliness	4.81		Staff friendliness	4.81
Consistent service standards	4.56		Staff Training	4.44
Quality standards	4.50		Well-trained high quality staff	4.44
Guest bedroom comfort level	4.44		Employee commitment	4.38
Ensuring appearance of facilities is attractive	4.25		Ensuring staff are motivated and passionate	4.19
2. Customer Factors	**4.50**		**4. Financial Factors**	**4.08**
Customer retention	4.56		Yield maximization	4.25
Customer loyalty/repeat business	4.50		Proper financial management	4.13
Guests satisfaction (service), good ratings	4.50		Revenue Control	4.06
Exceeding customer needs and expectations	4.44		Cost control	4.06
			Accurate financial reporting	3.88

Independent	
1. Customer Factors	**4.52**
Customer retention	4.54
Guests satisfaction (service), good ratings	4.54
Exceeding customer needs and expectations	4.54
Customer loyalty/repeat business	4.46
2. Internal Process Factors	**4.49**
Hygiene and cleanliness	4.77
Consistent service standards	4.69
Quality standards	4.46
Guest bedroom comfort level	4.31
Ensuring appearance of facilities is attractive	4.23
3. Learning and Growth Factors	**4.43**
Staff friendliness	4.85
Well-trained high quality staff	4.38
Staff Training	4.38
Employee commitment	4.38
Ensuring staff are motivated and passionate	4.15
4. Financial Factors	**4.09**
Yield maximization	4.38
Proper financial management	4.15
Cost control	4.08
Revenue Control	4.00
Accurate financial reporting	3.85

Chain	
1. Internal Process Factors	**4.60**
Hygiene and cleanliness	5.00
Guest bedroom comfort level	5.00
Quality standards	4.67
Ensuring appearance of facilities is attractive	4.33
Consistent service standards	4.00
2. Learning and Growth Factors	**4.53**
Staff friendliness	4.67
Staff Training	4.67
Well-trained high quality staff	4.67
Employee commitment	4.33
Ensuring staff are motivated and passionate	4.33
3. Customer Factors	**4.42**
Customer retention	4.67
Customer loyalty/repeat business	4.67
Guests satisfaction (service), good ratings	4.33
Exceeding customer needs and expectations	4.00
4. Financial Factors	**4.00**
Revenue Control	4.33
Cost control	4.00
Accurate financial reporting	4.00
Proper financial management	4.00
Yield maximization	3.67

Figure: 5 Star Independent/Chain

4 Star	
1. Internal Process Factors	4.36
2. Customer Factors	4.18
3. Learning and Growth Factors	4.12
4. Financial Factors	4.06

5 Star	
1. Internal Process Factors	4.51
2. Customer Factors	4.50
3. Learning and Growth Factors	4.45
4. Financial Factors	4.08

Small	
1. Internal Process Factors	4.31
2. Customer Factors	4.14
3. Learning and Growth Factors	4.08
4. Financial Factors	3.93

Medium/Large	
1. Internal Process Factors	4.42
2. Customer Factors	4.22
3. Financial Factors	4.19
4. Learning and Growth Factors	4.16

Small	
1. Internal Process Factors	4.65
2. Customer Factors	4.63
3. Learning and Growth Factors	4.52
4. Financial Factors	4.37

Medium/Large	
1. Internal Process Factors	4.10
2. Learning and Growth	4.25
3. Customer Factors	4.13
4. 4. Financial Factors	3.20

Figure: 4 and 5 Stars/ Size

4 Star				
1. Internal Process Factors	**4.36**		**3. Learning and Growth Factors**	**4.12**
Hygiene and cleanliness	4.60		Staff friendliness	4.27
Consistent service standards	4.38		Staff Training	4.13
Guest bedroom comfort level	4.33		Well-trained high quality staff	4.13
Quality standards	4.27		Employee commitment	4.13
Ensuring appearance of facilities is attractive	4.24		Ensuring staff are motivated and passionate	3.93
2. Customer Factors	**4.18**		**4. Financial Factors**	**4.06**
Customer retention	4.36		Yield maximization	4.18
Customer loyalty/repeat business	4.31		Cost control	4.13
Guests satisfaction (service), good ratings	4.24		Proper financial management	4.07
Exceeding customer needs and expectations	3.80		Revenue Control	4.04
			Accurate financial reporting	3.89

Small	
1. Internal Process Factors	**4.31**
Hygiene and cleanliness	4.55
Guest bedroom comfort level	4.36
Ensuring appearance of facilities is attractive	4.27
Consistent service standards	4.23
Quality standards	4.14
2. Customer Factors	**4.14**
Guests satisfaction (service), good ratings	4.36
Customer loyalty/repeat business	4.23
Customer retention	4.18
Exceeding customer needs and expectations	3.77
3. Learning and Growth Factors	**4.08**
Employee commitment	4.23
Staff friendliness	4.18
Ensuring staff are motivated and passionate	4.09
Well-trained high quality staff	4.05
Staff Training	3.86
4. Financial Factors	**3.93**
Cost control	4.18
Yield maximization	4.05
Revenue Control	4.05
Proper financial management	3.68
Accurate financial reporting	3.68

Medium/Large	
1. Internal Process Factors	**4.42**
Hygiene and cleanliness	4.65
Consistent service standards	4.52
Quality standards	4.39
Guest bedroom comfort level	4.30
Ensuring appearance of facilities is attractive	4.22
2. Customer Factors	**4.22**
Customer retention	4.52
Customer loyalty/repeat business	4.39
Guests satisfaction (service), good ratings	4.13
Exceeding customer needs and expectations	3.83
3. Financial Factors	**4.19**
Proper financial management	4.43
Yield maximization	4.30
Cost control	4.09
Accurate financial reporting	4.09
Revenue Control	4.04
4. Learning and Growth Factors	**4.16**
Staff Training	4.39
Staff friendliness	4.35
Well-trained high quality staff	4.22
Employee commitment	4.04
Ensuring staff are motivated and passionate	3.78

Figure: 4 Star and Size

5 Star					
1. Internal Process Factors	**4.51**		**3. Learning and Growth Factors**	**4.45**	
Hygiene and cleanliness	4.81		Staff friendliness	4.81	
Consistent service standards	4.56		Staff Training	4.44	
Quality standards	4.50		Well-trained high quality staff	4.44	
Guest bedroom comfort level	4.44		Employee commitment	4.38	
Ensuring appearance of facilities is attractive	4.25		Ensuring staff are motivated and passionate	4.19	
2. Customer Factors	**4.50**		**4. Financial Factors**	**4.08**	
Customer retention	4.56		Yield maximization	4.25	
Customer loyalty/repeat business	4.50		Proper financial management	4.13	
Guests satisfaction (service), good ratings	4.50		Revenue Control	4.06	
Exceeding customer needs and expectations	4.44		Cost control	4.06	
			Accurate financial reporting	3.88	

Small			Medium/Large	
1. Internal Process Factors	**4.65**		**1. Internal Process Factors**	**4.10**
Consistent service standards	4.92		Hygiene and cleanliness	4.75
Hygiene and cleanliness	4.83		Guest bedroom comfort level	4.25
Quality standards	4.58		Quality standards	4.25
Guest bedroom comfort level	4.50		Ensuring appearance of facilities is attractive	3.75
Ensuring appearance of facilities is attractive	4.42		Consistent service standards	3.50
2. Customer Factors	**4.63**		**2. Learning and Growth Factors**	**4.25**
Exceeding customer needs and expectations	4.67		Staff friendliness	4.50
Guests satisfaction (service), good ratings	4.67		Staff Training	4.50
Customer retention	4.58		Well-trained high quality staff	4.50
Customer loyalty/repeat business	4.58		Ensuring staff are motivated and passionate	4.00
3. Learning and Growth Factors	**4.52**		Employee commitment	3.75
Staff friendliness	4.92		**3. Customer Factors**	**4.13**
Employee commitment	4.58		Customer retention	4.50
Staff Training	4.42		Customer loyalty/repeat business	4.25
Well-trained high quality staff	4.42		Guests satisfaction (service), good ratings	4.00
Ensuring staff are motivated and passionate	4.25		Exceeding customer needs and expectations	3.75
4. Financial Factors	**4.37**		**4. Financial Factors**	**3.20**
Yield maximization	4.58		Revenue Control	3.25
Proper financial management	4.42		Cost control	3.25
Cost control	4.33		Yield maximization	3.25
Revenue Control	4.33		Proper financial management	3.25
Accurate financial reporting	4.17		Accurate financial reporting	3.00

Figure: 5 Star and Size