

STRATEGY MAKING IN PRACTICE: THE  
CASE OF CRETAN HOTEL MANAGERS

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## ABSTRACT

This study investigates how managers contribute to the strategy of their firm, specifically focusing on an occupational group of hotel managers. Following the call of the Strategy-as-Practice (S-a-P) research community for heightened awareness of the managers' role and contribution to strategy, and based on the observation that strategy formation is context-specific, it attempts to generalise about the managers' contribution within a specific context.

Generalising about the practitioners' contribution to strategy is problematic, however, requiring a conceptual linkage between managerial activity and organisational strategy. Drawing upon the S-a-P literature and the literature on managerial work activity, this study suggests that the managers' response to uncertainty provides that integrative link. This is supported by a simplifying assumption, namely the unitary view of organisation, whereby the central role of the managers within a firm is assured, assuming that power is concentrated upon them.

The research inquiry itself spans levels of analysis: the level of the individual manager, the organisation, and the organisation's context. In turn, it requires breadth to account for the reciprocal influence among those levels of analysis. This need is accommodated by a case study approach. Nine independent hotels from the island of Crete were chosen as the sample for the study, while the data collection methods used included observation, interviews and document analysis.

The results show that the hotel managers' contribution focuses on developing value-generating strategies for their firm; a necessity as they are at disadvantage: they are fragmented, in a saturated sector, equipped with an undifferentiated product, and ultimately reliant upon their suppliers to reach their markets. Value-generating strategies are developed through the management of the intangible resources of the firm and by building a positive history of collaboration with the suppliers. In addition, the managers' contribution is inextricably linked to their everyday activity, which supports the development of value-generating strategies.

It is argued that an activity-based view of strategy can unearth some otherwise unobservable constructs that become apparent only through its micro-analytic approach. A focus on practitioners and their contribution can also be an additional level of analysis in strategy research, perceiving strategy formed through the practitioners' activity. As such, strategy can be redefined as an outcome, formed at multiple levels, with strategy practice (or the practitioners' activity) to partly account for that outcome.

Generalising about the managers' contribution to strategy requires a trade-off, a choice between content and context specific generalisations. This choice ultimately depends on the reference group of practitioners in question, which delineates the boundaries of the context. In pluralist organisational contexts, that reference group is confined within the organisation's boundaries. On the other hand, unitary organisational contexts allow the selection of wider reference groups. In either case, only local generalisations can be made, taking into account the bounded nature of strategy formation. The study concludes with an analysis of its contribution to the existing body of knowledge, its limitations, and further proposes potential avenues for future research.

In memory of Reva Brown

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## LIST OF ABBREVIATIONS

S-a-P: Strategy-as-Practice

T.A.: Travel Agent

T.O.: Tour Operator

GNTO: Greek National Tourism Organisation

GM: General Manager

DGM: Deputy General Manager



## CHAPTER 1

### INTRODUCTION: STRATEGY FORMATION AND STRATEGISTS

#### 1.1 Scope of the research

##### 1.1.1 'Strategy-as-Practice': Rediscovering the practitioner

Strategy research has long focused on the content and the process of strategy, with the first examining how strategic choices such as diversification, restructuring and expansion impact on organisational performance, and the second examining how strategies are actually implemented. Authors (Child, 1972; Mintzberg, 1972; Mintzberg and Waters, 1985; Pettigrew, 1977; Porter, 1991), however, have variously taken a critical approach to examining strategy formation and how strategies emerge; although strategy formation has been examined from a number of different perspectives, two appear dominant in the literature. The first examines contingent relationships between organisational and environmental variables (Child, 1972; Van de Ven and Drazin, 1985; Meyer et al, 1993; Doty et al, 1993), whilst the second examines the process of strategy formation primarily through intraorganisational factors (Lindblom, 1959; Pettigrew, 1977, 1985; Quinn, 1980, 1989; Johnson, 1987). In essence, these two perspectives represent two levels of analysis: the interaction between the environment and the organisation, and the intraorganisational level.

A growing number of researchers (Mintzberg, 1987a; Quinn, 1980; Liedtka, 1997; Whittington, 1996), however, suggest that the aforementioned perspectives are insufficient to provide a comprehensive account of strategy formation, as they neglect a third level of analysis: the role and contribution of individuals in shaping the strategy of the firm. Whittington's (1996: 734) call is characteristic:

'Since the 1960s we have learnt a great deal about different kinds of strategies. What we need to know more about is strategising.'

Since Whittington's (1996) acknowledgment of the need for a focus on strategy practitioners, there has been growing research interest in this area, which has emerged as a sub-field within strategy research: the 'Strategy-as-Practice' (henceforth abbreviated to 'S-a-P') community. The focus of the S-a-P community is to build upon the existing body of knowledge in strategy research, and particularly upon strategy process research, but with a heightened concern about the role and impact of practitioners upon strategy. The community sees strategy as social practice, looking at how individual managers (rather than organisations as a whole) 'do' strategy on a day-to-day basis and the social processes within which they participate, and through which they affect, organisational outcomes (Whittington, 1996; Johnson et al, 2003; Whittington et al, 2004). Balogun et al (2003:199) locate the S-a-P stream within the wider strategy literature:

'..strategy content research is about 'what' strategies, and strategy process research about the 'how', S-a-P research looks for 'know how', 'know when' and 'know where.'

The S-a-P stream therefore, whilst acknowledging the importance of the interface between environment and firm as well as the intraorganisational processes, focuses on the contribution of practitioners to the strategy of the firm. In order to achieve that, it shifts the analytical focus to practitioners rather than concentrating on organisations.

Furthermore, the S-a-P stream claims to investigate strategy at a more 'micro' level of analysis than conventional strategy research. In literature published to date, the 'micro' level has often been referred to as the senior managers' work and practices, language and detailed interaction patterns (Blackler et al, 2000; Eden and Ackerman, 1998; Jarzabkowski and Wilson 2002; Maitlis & Lawrence, 2003; Samra-Fredricks, 2003). The studies are also characterised by an ethnographic approach, which is applied in order to extract in-depth and detailed data that represents the micro level of strategising; an approach which was later labelled by Johnson et al (2003) as the activity-based view of strategy, referring to those studies that adopt a 'micro' lens in the study of strategy formation. According to

Whittington (2002), studies of this kind are useful in understanding how strategy is actually formed:

‘Understanding strategy as a social practice provides one kind of answer. Clifford Geertz (1973: 5) tells us that if you want to understand what a science is, you should look first to what its practitioners do: anthropologists do ethnography. The same holds for strategy. We shall understand what strategy is the more we study what strategists do.’ (Whittington, 2002: 15)

What the S-a-P stream essentially contributes is an additional perspective to understanding strategy formation. If strategy content research looked at the interface between the environment and the firm, and strategy process research at intraorganisational processes, S-a-P research reasserts the role and contribution of the practitioners. By adding strategy practitioners as the primary unit of analysis, it examines strategy from a manager’s perspective, offering insights not given by the previous perspectives: reflexivity amongst managers and an understanding of what they do at that level and its effects on the strategy of the firm.

#### 1.1.2 Building on ‘Strategy-as-Practice’: The problem of generalising about the managers’ contribution to strategy

The contribution of the S-a-P stream to strategy research is evident; however, in pursuing the S-a-P research agenda, researchers have been confronted with the conceptual challenge of linking managerial activity and organisational strategy. Traditionally, strategy has been attached to organisations and it is evident throughout the mainstream strategy literature (Ansoff, 1965; Andrews, 1971; Mintzberg, 1978; Schendel and Hofer, 1979). Therefore, when trying to provide accounts of ‘strategy practice’, one has to acknowledge the controversy of the term. Strategy is something an organisation ‘has’ whereas practice is something an individual ‘does’. So far, this issue has been dealt with by treating strategy as an activity, something that is evident in various papers by authors within the S-a-P community (Chia, 2004; Clark, 2004; Hendry and Seidl, 2003; Whittington, 2002), thereby avoiding acknowledging the incommensurability of the terms. Hendry and

Seidl (2003), for instance, make use of the term 'strategic practice' without defining what is strategic about practice, although they acknowledge the problem:

'Strategy research can be usefully advanced by framing it in the context of social theories of practice... however, it runs up against the familiar problem that strategy as an activity is not well defined.' (Hendry and Seidl, 2003: 175)

The aforementioned presumption is still maintained under the umbrella of the view of strategy as social practice; however, it does not operationalise how managerial practice, or the managers' inputs, can contribute to the strategy of the firm.

Overall, the insufficient emphasis on the problem of incommensurability has resulted in limited generalisations of the managers' role and contribution to the strategy of the firm. For instance, existing empirical studies such as Samra-Fredericks' (2003) and Jarzabkowski's and Wilson's (2002) provide details on how the managers' detailed activity contributes to strategic outcomes, but do not generalise their results to a wider group of practitioners. While this problem is recognised by authors within the S-a-P field, the current empirical body of literature focuses almost exclusively on single organisations, and the problem of incommensurability remains neglected:

'micro studies are constrained in terms of their scope and unit of analysis...'  
(Johnson et al, 2003: 16)

'there is a need to conduct systematically comparative cases in order to understand the patterns of micro-activity associated with particular organisational actions and outcomes' (Whittington et al, 2004: 20)

The apparent difficulty of the S-a-P literature to generalise about practitioners is surprising, however, as one of its founding assumptions has been that strategy practice is bounded within its context. Authors within the S-a-P stream in particular, have followed this assumption; therefore to attain an understanding of the managers' effect on strategy requires an understanding of the social context in

question (Laine and Vaara, 2005; Lowendahl and Revang, 1998; Whittington, 1996, 2001). This assumption is essentially a more explicit integration of previous findings into the strategy research agenda. Various exemplars (Calori et al, 1998; Kagono et al, 1985; Schneider, 1989; Schneider and De Meyer, 1991; Sorge and Maurice, 1990; Sorge, 1991) have provided evidence on how strategic approaches differ across nations. Others advocated that strategy formation is also dependent on the industry in question. Spender (1980, 1989) supported this theory by stating that the managers of an industry draw from a shared pool of knowledge, which he termed as 'industry recipes'. Birnbaum-More and Weiss (1990), in their study of 158 firms from 12 industries, found that strategic actions systematically vary across industries.

We can reach the conclusion that, if strategy formation is context-specific, research should be able to generalise about particular contexts; hence, within the S-a-P research agenda, it should be possible to generalise about practitioners within a given context. Existing research within the community has avoided doing so, however, focusing almost exclusively on strategists within single organisations. Authors within the S-a-P community (Balogun et al, 2003; Whittington et al, 2004) have raised the issue of generalisability, but they have called for methodological ways forward. This thesis suggests that the issue is primarily conceptual. The S-a-P literature, failing to operationalise the contribution of managerial activity on organisational strategy, has avoided generalising about practitioners within specific contexts.

## **1.2 The focus of the study**

This thesis aims to provide an operational linkage between managerial activity and organisational strategy, drawing empirical data from a particular reference group; an occupational group of senior managers within a specific national, geographical, and industry/sectoral context. It therefore seeks to explore and describe the managers' role and contribution to strategy formation within that specific context.

For the purpose of the study, an occupational group of hotel managers has been chosen from independent hotels from the island of Crete. The choice of a local hotel sector specifies a relatively narrow institutional environment, and ensures that the managers are subject to more or less the same social forces. It was also useful to examine strategy practice on different contextual foundations to that previously studied in the S-a-P field. Even though the context-specific nature of strategy formation is recognised in the literature, management research and, in effect, research on the specific industry/sector remains largely ethnocentric, following a Western view of management (Litteljohn, 1999; Tse and Olsen, 1999). Costa's (1997) thesis of strategic planning and environmental scanning in the Portuguese hotel sector is a rare example of a study which challenges predominant views in the literature. In particular, Costa concluded that the strategic approaches used by the hotel units in the resort-intensive country of Portugal are substantially different from those one would expect, taking into account the previous research performed in Anglo-Saxon contexts. Consequently, being of a non Anglo-Saxon background, this study provides added insights.

The lack of previous research in this context substantiates the purpose of this study. In the Greek context, there is no specific evidence on how hotel managers strategise. There are, however, some general studies about Greek management and their management styles and preferences (Bourantas et al, 1990; Cummings and Schmidt, 1972; EEDE, 1986; Koufopoulos and Morgan, 1994) and strategic planning in Greek enterprises (Bourantas and Mantes, 1988; Kanelopoulos, 1991; Papadakis, 1993; Papalexandris, 1986). On the other hand, research referring to hotel managers is limited and scattered. This is rather surprising, since the tourism industry in Greece is well developed and makes the largest contribution to the national GDP when compared with other industries. The Greek hotel sector is fragmented and typically consists of independent hotels, which are considered to be small and medium size enterprises (SMEs), as they typically employ less than 250 employees (European Commission, 2005). The limited scope and range of activities of these typical hotel units may explain why the sector has not attracted much research.

In literature written about territories outside the Greek borders, there is general disagreement as to whether, and in what manner, hotel managers strategise. Jauncey (2000) argues that the hotel managers' work is mainly reactive, but he recognises that his research has a methodological bias. Lenehan's (1995) research concurs that managers focus on operational issues and do not engage in strategy formulation; however, others such as Eccles and Teare (1996), Olsen et al (1998) and Tse and Olsen (1999) suggest that hospitality managers do adopt strategic thinking, because they utilise multidisciplinary skills and carry out a wide variety of activities in order to manage hotels, which are multifunctional businesses. Edgar and Nisbet (1996) argue along similar lines. They point out that whilst SMEs in the hospitality industry are unlikely to benefit from strategic planning, they have to adopt innovative practices in order to sustain competitive advantage. They also have to become increasingly adaptive to respond to an ever-changing environment. This approach necessarily differs from the traditional long-range courses of action that planned strategies impose.

Given that neither this industry sector, nor this occupational group, has attracted the attention of strategy researchers, this thesis has the potential to contribute new empirical data that complements the existing S-a-P body of research. In addition, its uniqueness as non Anglo-Saxon based research provides a template for comparison with future studies. Comparisons among the selected organisations of the study are facilitated by their unitarist nature, and make the effects of the managers' input more evident. As shown later in this study, the view of hotels as unitarist organisations is part of a simplifying assumption. In unitarist organisations, power is centralised on one (or a few) individuals, allowing us to behold the hotel managers as the focal actors, or strategists, within the organisation. Despite the plethora of existing data suggesting a non-strategic stance by hotel managers, in this study they are reassessed in light of a new theoretical and conceptual background. Finally, a further outcome of this study is the addition of practice-based strategy research that reflects the real work of practitioners within the specific context in question.

### 1.3 Using the literature

Given the infancy of the S-a-P stream, the question of how to study strategy as practice still raises a lot of discussion and debate (Balogun et al, 2003; Chia, 2004; Ezzamel and Willmott, 2004; Johnson et al, 2003; Hendry and Seidl, 2003; Whittington, 2002); however, it is acknowledged by all that the field needs further empirical support and adequate theoretical frameworks. As some authors note:

‘what is required is a stronger grasp of what is going on outside particular local episodes... in effect mandates the broadening of the empirical range within the field’ (Whittington et al, 2004: 15)

‘...micro research can draw on the extant bodies of theory to increase their leverage... there is no shortage of theoretical perspectives upon which to build... the challenge here is to span levels: i.e. the level of individual interaction, the organisational level and the level of the organisation’s context’ (Johnson et al, 2003: 16-17)

Therefore, the decision to study the managers’ contribution to strategy does not come with a clear set of theoretical and methodological assumptions. Leading contributors (Johnson et al, 2003; Whittington, 1996; Whittington and Melin, 2002) further acknowledge that the practice view on strategy can be informed and draw upon a multiplicity of fields. As a result of this, it is necessary to begin by assessing the location of the study in relation to the most relevant bodies of literature.

As this study has to generalise about the occupational group in question, an obvious starting point seemed to be previous research exploring strategy across groups of practitioners, in particular the ‘strategic groups’ stream (Porac et al, 1989; Reger, 1990; Reger and Huff, 1993; Daniels et al, 1994) and the standalone study by Spender (1980, 1989), who emphasised the context-bound, socially constructed nature of strategy, with a focus on senior managers within specific industries. On further investigation, however, it became clear that neither of the above captured sufficiently the managers’ contribution to the strategy of their firm. In particular, the strategic groups literature, although taking a specific ‘micro’ lens of managerial



cognition, is limited to making abstractions to the firms' competitive environment, as constructed by communities of managers. On the other hand, Spender's (1980, 1989) study appeared more useful, as it looks at strategy formation by communities of managers within specific industries, but it focused on how strategy is constructed at the knowledge level, and not at the more 'micro' activity level. Therefore, because of their different agenda and scope, they both leave the question 'what managers do and their effect on strategy' unanswered. Instead, it was deemed appropriate to selectively use classic strategy literature and critically examine how the managers' role and contribution are perceived within it. The review of the literature shows that managerial inputs to strategy have been largely ignored in mainstream literature. On the other hand, the S-a-P literature has so far adopted a rather narrow empirical focus, hampering generalisation attempts beyond strictly organisational boundaries.

The aforementioned empirical gap is addressed in the present study by using the field of managerial work activity, drawing upon its extensive empirical grounding. Although Whittington (1996) deemed that future research on strategy-as-practice should draw upon existing literature on managerial work activity, it has not been utilised as such. Whilst the empirical and theoretical background of the managerial work activity field is much greater than that of the S-a-P stream, it has not been utilised as a comparative or explanatory template for the purposes of the S-a-P agenda. The review of the field confirms the indeterminacy of managerial inputs to organisational outputs, which can be inferred as strategies, thus disproving some assumptions of the S-a-P stream such as that of treating strategy as an activity.

While the selected strategy literature and the sources on managerial work proved that they can offer insights in understanding the managers' contribution to strategy, it was also necessary to conceptualise strategy in a way that accounts for the managers' contribution. Influenced by a part of the strategy literature, which sees strategy as the interaction between the environment and the firm, and by the sociological conception that the term 'strategy' can be understood as a reaction against structuralism which is unavoidable (Crow, 1990; Thurley and Wood, 1983), this study conceived strategy to be the resulting pattern of a response to the external environment, which itself is a source of uncertainty. This conception, which later

becomes empirically validated, allows the linkage of managerial activity and organisational strategy, which in other circumstances would have been clearly distinct.

The literature review is, therefore, developed around classic strategy literature and the literature on managerial work. The first represents organisational strategy while the latter represents managerial practice. If there are any links to be made between the two, they are identified through a process of systematic bracketing of their assumptions and conclusions. Finally, the study attempts to unify the two fields and provide a conceptualisation of the managers' contribution, drawing upon their bridging elements. The use of these two seemingly diverse bodies of literature is necessary because the existing S-a-P body is not yet solidified in theoretical or methodological terms. Essentially, the study adopts an approach of meta-triangulation (Lewis and Grimes, 1999), whereby it builds upon multiple paradigms in order to construct its own research paradigm.

#### **1.4 Aim and objectives**

Following the path suggested by the S-a-P stream, this study seeks to understand strategy from a practitioners' perspective. It also attempts to bridge a gap within S-a-P theorising and answer a fundamental question, which the existing literature has left unanswered: what is the managers' role and contribution to organisational strategy? In doing so, it departs from previous studies in the field by choosing to study an occupational group, influenced by the observation that strategy formation is context specific. As a result, it addresses both theoretical and methodological problems in the study of strategy-as-practice and informs practitioners about the effect of their inputs to their organisation's strategy. Finally, the managers' contribution to strategy is explored within the context of a local hotel sector; in effect, contributing both to the theory of strategy making and the practice within the hotel sector.

In sum, this study aims to: a) look at how the managers' contribution to strategy can be examined, and b) generalise about the managers' contribution in the context of the local hotel sector. In order to achieve this aim, the following objectives have been set:

1. To operationalise the managers' contribution to the strategy of the firm by providing a conceptual linkage between managerial activity and organisational strategy;
2. To establish the epistemological and methodological bases for conducting the study;
3. To develop a descriptive model of the managers' contribution to strategy in the context of the local hotel sector.

## **1.5 Structure of the thesis**

The thesis is divided into ten chapters. The chapters following this introductory section are:

**Chapter 2** - Reviews the strategy literature, focusing on how it perceives the managers' role and contribution. It is found that existing operationalisations of strategy are unable to capture the managers' role and contribution to the strategy of a firm. It goes on to reflect on the practice turn in strategy research, indicating its narrow empirical underpinning and pinpointing the need to operationalise how managers contribute to the strategy of the firm.

**Chapter 3** - Provides an overview of the literature on managerial work activity attempting to fill the empirical gap identified in the previous chapter. It is found that the problem of incommensurability between managerial activity and organisational strategy can be traced back to the more basic problem of the indeterminacy of managerial inputs to outputs at the organisational level. It goes on to review role theory as the main analytical tool of managerial work and critically reassesses the view of planning as equivalent to strategic activity. The chapter concludes by showing the way forward as well as the limitations of the field in the study of Strategy-as-Practice.

**Chapter 4** - Draws together conclusions from the previous chapters in order to unify managerial and organisational action. It suggests a unitary view of organisation, a simplifying assumption which allows a relative conflation of the two levels. It conceives the managers' contribution to strategy as their response to uncertainty, which can be manifested both in the observable domain of their work activity as well as in their interpretive accounts. Finally it describes the conceptual framework of the study.

**Chapter 5** - Presents the research methodology. It starts by explaining the embedded case study approach, followed by a discussion of the data collection methods and how they were used. Further information is given on the preparation for fieldwork and gaining access. The return journey from the fieldwork is explained by a presentation of the methods of data analysis. The chapter also addresses the issues of validity and reliability and goes on to define the sample of the study.

**Chapter 6** - Gives information on the context of the study. It starts by reviewing the history and development of the Greek tourism industry, with a specific emphasis on the hotel sector on the island of Crete. It further describes the structure of the industry and the role of key actors: the state, the tour operators (T.Os) and the Greek National Tourism Organisation (GNTO).

**Chapter 7** - Presents the findings of the study. These are given in two main sections: a) the managers' subjectively meaningful action categorised into themes and constructs, and b) the hotel managers' work activity. The chapter also presents supplementary data, which represents experimentation on additional levels of inquiry.

**Chapter 8** - Analyses the findings in order to provide an answer to the research question: how the focal managers contribute to the strategy of their firm.

**Chapter 9** - Draws together key points of the findings of the study and relates them back to the literature. The discussion pinpoints emergent theoretical and conceptual themes that are useful in explaining the outcomes of the study.

**Chapter 10** - Draws conclusions and summarises the key issues highlighted in the analysis of findings. It summarises the contribution of the study, presents its limitations and makes recommendations for further research.

## CHAPTER 2

### THE STRATEGY LITERATURE

#### 2.1 Introduction

Chapter one suggested that the study of the managers' contribution to the strategy of the firm through the 'micro' lens of strategising is insufficient to permit generalisations about managers within a given context. The problem was the incommensurability between organisational strategy and managerial practice and the need to operationalise that link. This issue, however, has not been questioned in existing strategy literature, which has typically been dominated by competitive advantage frameworks, which tend to favour the organisational and industry levels of analysis. In trying to reassert the role and contribution of managers in shaping strategy, this chapter focuses on how managers and their input to strategy are perceived within current literature. It starts by reviewing the concept of strategic choice (Section 2.2), which has set the stage for the assumptions that have been made thereafter regarding the role of managers in strategy formation. It goes on to illustrate the limitations of existing approaches to studying strategy to account for the managers' contribution (Section 2.3). Reflecting on the practice turn in strategy research (Section 2.4), we observe that, while it has given insights on the various forms the managers' contribution to strategy can take, researchers have voluntarily confined themselves to abstractions within single organisations. It is argued that this narrow empirical focus on single organisations has been seen as a methodological necessity, driven by the need to link the managerial and organisational levels of action. The chapter concludes with a suggestion that the problem of incommensurability needs to be resolved primarily at a conceptual level.

#### 2.2 Strategic choice and the managers' role in shaping strategy

Early strategy research saw the managers' role in shaping the strategy of the firm as deterministic. Being heavily based upon contingency theorising, it saw

organisational action being influenced by the organisation's environment (Burns and Stalker, 1961) and structure (Laurence and Lorsch, 1967; Thompson, 1967). Child (1972) saw contingency theorising as unjustifiably deterministic, critiquing the existing approaches for neglecting issues such as the strategic choice available to management, or the ability of organisations to reshape and affect their environment.

Child linked the two broad types of contingency theories, arguing that the existing literature did not make clear the associations between dimensions of organisational structure and contextual factors such as the environment. He argued that contingency theory denies choice, since it is deterministic in nature, and continued his critique by stating that the types of contingencies are inappropriately narrow, consisting of only five basic types: complexity, variability, illiberality, technology and size. Child went as far as to suggest that economic constraints (the predominant factor at that time) were not the only factor to determine structural variables and he suggested the role of 'power holders' within the organisation and their discretion to exercise strategic choice. His argument was that the choice of organisational goals is an integral part of strategy making. These goals may reflect managerial preferences and have been referred to as strategic choices.

Since Child's influential article, the extent of strategic choice has been debated amongst organisation theorists (Astley and Van de Ven, 1983; Bourgeois, 1984; Burrell and Morgan, 1979; Reed, 1985), who see it as a division between determinism and voluntarism; the first denying, the latter affirming managerial agency; however, the extent of managerial agency is often assumed rather than questioned (Johnson et al, 2003). The result, according to Johnson et al (2003), is a poor accumulation of knowledge. An understanding of the role and contribution of managers in strategy formation requires a more direct confrontation with the complexities of managerial and organisational action, something insufficiently examined in the current literature.

## **2.3 The problem of operationalising strategy: existing approaches and their limitations**

Following on from the previous section, a review of three widely used approaches to studying strategy to examine how existing approaches in classic strategy literature perceive the managers' contribution is conducted. These approaches are: strategy studied as a plan, as the product of decision-making and as part of the process of organisational change. This review illustrates the inability of these common operationalisations of strategy to account for the managers' contribution. At best, managers are seen as the medium through which strategies are formed, but the literature tends to diminish their input by relegating it into single-dimensional forms or by neglecting the origin of those inputs.

### **2.3.1 Strategy as a plan**

Strategy has been conceived by early authors as a grand plan (Ansoff, 1965; Andrews, 1971; Schendel and Hofer, 1979; Porter, 1980), where management had to determine the long-term goals of the firm and drive it towards achieving those goals. Strategy as a plan is seen as an instrument used by the most powerful members of an organisation. The role of management was relegated to formulating those plans based on long-term forecasts of the state of the external environment and the resources and capabilities of the firm. Schendel and Hofer's (1979: 4) early definition of strategy is representative:

‘The basic characteristics of the activities top management engages in order to match organisational competencies with its environment’

Schendel and Hofer assert that top management's task is to drive the organisation's performance and adapt it based on the state of the environment. The environment became a key theme and its association with organisations took the form of contingency theorising between environmental (contextual) and organisational variables. Chandler (1962), for instance, in his influential work had suggested a dynamic sequential relationship between the environment, business' strategic behaviour and the consequent changes in the internal configuration, referred to as



structure. According to this school of thought, the key to successful organisational strategy is to be able to analyse the state of the external environment and plan accordingly; planning here is seen as the means of strategy development. Chandler's (1962:13) definition is characteristic of this view:

'The determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals'

Strategy as a plan is the result of analysing the environment and taking into account the organisation's resources and capabilities. As a plan, it implies linearity in organisational strategy as well as deliberate human action. In this sense, planning can be interpreted as being synonymous with strategic activity.

Nonetheless, the above convention has been challenged through the years. Mintzberg (1994) and Wilson (1994) argued that strategic planning has rather been synonymous with analysis, disregarding creative human judgment. In this respect, strategic planning does not necessarily imply strategy making, as it emphasises analysis but ignores synthesis. Furthermore, the linearity in strategy formation has been dismissed by the processualists. Drawing primarily from behavioural concepts such as bounded rationality, satisficing and political behaviour, various authors (Braybrooke and Lindblom, 1970; Cyert and March, 1963; Lindblom, 1959; March and Simon, 1958; Simon, 1957) demonstrate that these factors limit the achievable rate of analysis. For instance, Herbert Simon's work shows that man is incapable of conforming to a model of comprehensive analysis, because he cannot comprehend all the possible choices and also because he reasons sequentially and not synoptically. The decision maker does not seek the best solution, which may be out of reach, but he always seeks a 'rational' solution which is consistent with his own criteria of rationality. Whilst Herbert Simon emphasised human limits, Charles Lindblom (1959) elaborated on process limits and his contribution in this area is more than worthwhile. Lindblom argued that the comprehensive model would be superior if all the required information and the resources were available, if there were no ambiguity of objectives, and if all the participants share the same values. This, of course, can never be the case. Firstly, it would be extremely difficult to

gather all the information a priori. Even to attempt to do so is pointless, as much of the information emerges only in the course of action, as a result of complex negotiations and mutual adjustment. The initial objectives may be ambiguous; agreement would be difficult if one had to clarify those objectives in advance. It is not taken for granted that the involved parties will share identical values. The supply of available resources is not stable; new resources may emerge in the course of action, while existing ones may become exhausted. Lindblom's study shows that management makes an indefinite, and apparently disorderly, series of small moves away from the ills of the day rather than striving towards defined goals. This approach is remedial and deals with practical difficulties in small increments by disjointed or uncoordinated processes, which led to the conclusion that strategy may not always be planned or linear but, rather, is incremental in nature (Lindblom, 1959; Alford, 1976; Quinn, 1980). Based on these observations, the centrality of planning and synoptic analysis is greatly reduced. As Alford (1976: 61) puts it:

'a company's strategy may be the integral of a series of relatively short term tactics... and because, in such cases, strategy is an outcome and not a planned course of action'

The view of strategy as a plan equates planning with strategic activity, effectively narrowing down the managers' contribution to, as the processualists have shown, this single-dimensional input. This view unjustifiably assumes analysis, comprehensiveness, deliberateness of action and linearity in organisational strategy; it disregards the human and process limits that make strategy non-linear, emergent and therefore independent of the managers' deliberate plans of action.

### 2.3.2 The decision approach

Mintzberg (1972) was first to advocate research on strategy making from a decision perspective, which subsequently became hugely popular (see Bourgeois, 1981; Fredrickson, 1983a; Papadakis et al, 1998; Schoemaker, 1993; Shrivastava, 1983; Simon, 1979; Weick, 1979). Mintzberg argued that, if patterns in decision-making are the basis for strategy formation, then what is left is to find the origins of such

patterns or streams of decisions. At that time, there seemed to be no question regarding the capacity of decisions to reflect strategy formation. Earlier, Simon (1960: 1) had gone as far as to suggest that management is synonymous with decision-making. The benefit of a decision approach, according to Mintzberg, is to avoid treating strategy as an explicit set of guidelines developed in a priori, as it constrains our ability to study the strategy making process. In other words, the decision approach was developed as an advancement of the planning approach.

Despite having defined strategy making as ‘a pattern in a stream of decisions’, the question that begged to be answered even then was ‘what decisions?’. These are what Mintzberg claimed to be strategic decisions, identifying ‘strategic’ in terms of importance. This was done retrospectively (1972, 1978), as he referred to decisions that turned out to be important in the end. Shirley (1976, 1982), among others (Alford, 1976; Bourgeois, 1978), elaborated on the decision approach to strategy. She cast doubt onto Mintzberg’s assumption that strategic decisions are synonymous with the terms ‘important’ and ‘significant’. For that purpose, she developed a set of criteria to identify strategic decisions. According to her criteria, strategic decisions must:

- Be externally oriented, defining the organisations’ relationship with its environment
- Relate to the total firm, taking the organisation as the unit of analysis
- Depend on multifunctional inputs
- Provide constraints on administrative and operational activities and;
- Be important to the success of the enterprise

In effect, Shirley suggests that decisions made one way or another should be linked to organisational outcomes. In her view, this is displayed by all-encompassing outputs; however, she also comments that:

‘Just because a decision is important is not sufficient cause to give a strategic label; at the same time, it should be recognised that some strategic issues are more important than others and therefore demand more analytical time and top management attention.’ (Shirley, 1982: 265)

Despite the maturity of the decision approach, however, it has been criticised for being unable to capture the process of strategy formation, and thus, being unable to account for the managers' contribution. In particular, its weakness lies in its fundamental assumption: that decisions reflect the managers' output at the organisational level; or in other words, that all decisions (taken by the top echelons of the firm) result in actions, which eventually manifest themselves as organisational outcomes. Subsequently, the decision approach downplays the fact that the choosing of actions does not necessarily mean they will be carried out. Brunsson (1982) has written the most effective critique to date, explaining that the decision approach to strategy has concentrated its efforts on the study of individual behaviour rather than organisational. This might make sense, because an individual has less difficulty moving from decision to action than an organisation. This emphasis on individual behaviour might explain why the choosing of actions has received much more attention than the carrying out of actions. In a similar vein, Mintzberg and Waters (1990) noted that decisions, at best, denote a commitment to action. Moreover, they also noted that commitment to action may precede decisions, or in other words, organisational actions may develop in the absence of decisions. Thus, they criticised the capacity of the decision approach to explain strategic outcomes. Based on the above critiques, we can conclude that the decision approach appears to fail to capture the managers' contribution to strategy, as it has an inherent tendency to conflate managerial inputs and outputs. This assumes that (strategic) decisions necessarily entail action, which translates into outputs at the organisational level.

### 2.3.3 The organisational change approach

It has been quite some time since strategy was conceived as the pattern resulting from the organisations' adaptation to the external environment, with Chandler's (1962) study being the seminal reading for years (see also Galbraith, 1977; Miles and Snow, 1978; Mintzberg, 1979; Rumelt, 1974). Subsequent researchers focused on narrower strategic problems, attempting to track simultaneously and over time, contextual factors, strategies, decision processes, administrative systems and

outcomes. Burgelman's (1980) research on internal corporate venturing, and Van de Ven et al's (1989) work on innovation are characteristic examples of this line of research.

Andrew Pettigrew (1985, 1987, 1990) attempted to simulate the richness of the latter and the generalisability of the first by suggesting that the blending of content, context and process produces a unique outcome. His holistic approach is based on the process (and not just the pattern) of organisational adaptation to changes in the external environment. He argued that the complexities of strategy processes should rely more on the concept of 'change' than on 'choice' or 'decision'. The organisational change approach does not merely examine the patterns of organisational adaptation to the state of the environment, but critically reassesses that interface through the lens of intraorganisational processes. Pettigrew's (1985) study of ICI and Johnson's (1987) study of Coopers corporation are excellent examples of how strategies, operationalised as the process of organisational change, can be inhibited by intraorganisational complexities such as the organisational culture, the actors' subjective interpretations and political games.

If early operationalisations of strategy were solely concerned with patterns of organisational outcomes, the change approach shed light on the formation of those outcomes, attempting to reconstruct the inputs and processes that created them. The biggest advantage of the change approach to strategy is that it allows generalisations across organisations and places strategy within context (see for instance Hislop, 2000; Webb and Pettigrew, 1999). Although the change approach allows abstraction of the research results at an organisational level, it cannot generalise about managers. Even in integrative studies (Johnson, 1987; Pettigrew, 1985; Pettigrew and Whipp, 1991) there is no reference to how managerial inputs relate to those outcomes; instead they prefer to identify 'processes' that render certain outcomes possible. Therefore, we can safely say that strategy as the process of organisational change can encompass managerial inputs but it cannot make deductions based on individual actors.

## 2.4 The Practice Turn

### 2.4.1 Studying the managers' contribution to strategy: the micro context of action

The previous discussion (Section 2.3) demonstrated the inability of some widely used approaches to studying strategy to account for the managers' contribution. The S-a-P literature, on the other hand, sees strategy as social practice, reasserting the role and contribution of the practitioners advocating an activity-based view. As Johnson et al (2003: 3) called for:

‘an activity-based view of strategy that focuses on the detailed processes and practices which constitute day-to-day activities and which relate to strategic outcomes’

The activity-based view is explored in a number of informative empirical studies. Blackler et al's (2000) comparative study of three strategy development teams points to the decisive impact of inappropriate investment in computer presentation, while Eden and Ackerman (1998) demonstrate the non-trivial effects of the shape and arrangement of 'Post-it' notes used in discussions at strategy workshops. Moreover, Samra-Fredericks (2003), in her study, shows how strategic outcomes are influenced by the managers' talk-based interactive routines. Similarly, Huisman's (2001) conversation analysis shows how decisions are made through a form of talk-in-interaction and the importance of communicative norms within the groups in question. Heracleous and Barrett's (2001) longitudinal study of electronic trading in the London stock market shows the role of discourse in shaping organisational change through its influence on actors' interpretations and actions.

The demand for such micro-analytic studies, according to Johnson et al (2003), comes from the nature of the current economic markets. Their increasingly unpredictable and competitive environments reduce returns to macro assets. In such cases, it is the micro rather than the macro assets that increase economic rents. Thus, micro-analytic studies achieve a better understanding of what those micro-assets are, and how they can be consciously leveraged by strategy practitioners.

#### 2.4.2 Putting the micro within the macro context of action

The micro-analytic focus of the practice turn in strategy research has tended to go alongside the analysis of the macro context. Johnson et al (2003) note the importance for fine-grained studies on strategising to be located in their wider context. Similarly, Whittington (2001) asserts that actors in micro contexts are not acting in isolation but are drawing upon the regular, socially defined modes of action that arise from the plural social institutions to which they belong. In addition, much of the infrastructure with which micro practice is constructed has macro and institutionalised properties that are transmitted within and between contexts by social action (Hung and Whittington, 1997; Jarzabkowski, 2004).

This integrative treatment is reflected in a number of empirical studies within S-a-P literature, employing multiple levels of analysis. Maitlis' and Lawrence's (2003) study of strategic failure in the British symphony orchestra, for instance, is instructive. Focusing on failures in organisational strategising, the authors conceived strategising to be all those activities generated in order to produce an objective. They also saw organisational discourse and politics as fundamental elements of strategising. In doing so, they identified patterns of organisational politics leading to a breakdown of strategic processes, such that no strategic outcome is produced. Concluding their study, they formalised their results by linking aspects of strategising failure to the context in which it occurs. Within this frame, the failure of the British symphony orchestra does not seem surprising. Similarly, Jarzabkowski and Wilson (2002), in their study of top teams and strategy in a UK university, suggested that in order to understand how strategy is practiced, analysis needs to focus on how patterns of action are associated with the characteristics of both the team and the wider organisation.

This emphasis on S-a-P literature linking micro and macro levels of action can be interpreted as a means of providing a link between the focal micro level and outcomes at the macro level. A preoccupation of S-a-P research on activities and processes at the micro level of action would dangerously lead towards a downward spiral of studies, focusing increasingly on micro, having little to say about how

these micro activities and processes contribute to outcomes (Johnson et al, 2003; Whittington et al, 2004). Whittington's et al (2004: 9) appeal is representative:

'...connect the micro-activities to both organisational actions and the institutional context... otherwise we face the risk of providing de-contextualised minutiae or accounts of strategic irrelevance'

In this sense, the micro-action integration is more of a methodological necessity, which allows the linkage between micro activities and processes and outcomes at the organisational level. Such an approach, according to authors within the S-a-P community (Hung and Whittington, 1997; Jarzabkowski, 2004; Johnson et al, 2003; Whittington, 2001), would be best served by an integrative framework that links the micro and macro levels of action. An integrative framework would simplify generalisation attempts and provide the ground for systematically comparable studies.

#### 2.4.3 Generalising within contexts: A matter of choosing the reference group

The extent of the generalisation achieved by the above studies is, however, limited. The accounts given by the existing empirical studies regarding the managers' contribution to strategy vary from experiential to strictly content specific, focusing on the specific forms that contribution can take. Moreover, given the in-depth nature of inquiry demanded by the activity-based view, empirical studies are restrained within the boundaries of single organisations. As some authors have noted (Jarzabkowski and Seidl 2005; Whittington et al, 2004), how can any degree of generalisability be inferred if all that is achieved are complex and detailed descriptions of action. The emphasis on the micro detail of strategising even raised concern for being able to provide relations with strategic outcomes at the organisational level. On this matter, Whittington et al (2004: 19) suggest setting lower-end limits on the scope of their analysis:

'Requiring that strategy practice research demonstrate actual or potential links to organisational actions sets an effective lower limit to the micro-



activities of concern, a necessary bulwark against descent into an endless spiral of increasingly micro detail'

As a consequence, S-a-P literature has offered little on the context-specific understanding of the managers' contribution to the strategy of their firm. Empirical studies within S-a-P literature (see, for instance, Eden and Ackerman, 1998; Huisman, 2001; Samra-Fredericks, 2003) have tended to make abstractions based on the micro-analytic forms that the managers' contribution to strategy can take, rather than a holistic view of the managers' understanding of strategy as such.

One of the reasons why S-a-P literature has avoided generalising about practitioners within contexts is the choice of taking a unifying unit of analysis the 'community of practice' (see for instance Brown and Duguid, 2001; Jarzabkowski and Wilson, 2002; Samra-Fredericks, 2003). Communities of practice have been typically associated with organisational contexts, although not exclusively. The term 'community of practice' itself implies participation in an activity system within which participants share an understanding regarding their actions and what they mean to them and their communities (Lave and Wenger, 1991: 98). As the study of communities of practitioners does not extend beyond the context of organisational boundaries, generalisations of empirical findings are limited. Whittington et al (2004: 4) have particularly called for a:

'need to link organisational and supraorganisational levels... explore the potential of larger in population and systematically comparative studies'

This persistence within strictly organisational boundaries can be explained as a result of the methodological necessity to link micro-activities and processes to outcomes at the organisational level (as concluded in section 2.4.2). Generalisations about practitioners are therefore obstructed by the voluntary confinement of S-a-P literature within organisational boundaries. As a consequence, the micro-macro integration pursued by the S-a-P community is also restrained. If the organisation, or even the organisation's context, represents the macro level of analysis, then abstractions to communities of practitioners outside the boundaries of the organisation are limited. As long as the reference group of practitioners is confined

within strictly organisational boundaries, empirical research offers little in the way of context-specific generalisations about the practitioners' contributions to strategy.

#### 2.4.4 The activity-based view and the pursuit of generalisability

The previous discussion illustrated that the S-a-P literature, although emphasising the focal managerial level, gives content rather than context specific accounts of the managers' contribution to strategy. This is attributed to the narrow focus of the S-a-P literature on organisational contexts, which is necessitated by the need to link the focal micro-activities and processes to strategic outcomes at the organisational level. The consequent choice of a similarly organisationally bound reference group limits context-specific generalisations about the practitioners' contribution to strategy.

Achieving generalisability is therefore dependent on the choice of a reference group, and at the same time, the ability of the research inquiry to make logical inferences about the practitioners' contribution to strategy. Within the S-a-P literature, the pursuit of the latter determined the choice of the first. This, as I will go on to argue, can be attributed to a gap in the development of the activity-based view. The activity-based view advocated by the S-a-P literature focuses on what practitioners 'do' and the impact of their activity on strategic outcomes has been developed in an experiential-like manner, lacking a conceptual understanding of the linkage between the practitioners' activity and organisational strategy. Upon establishing this conceptual linkage, it would be possible to avoid the methodological confinement on strictly organisational boundaries and provide context-specific accounts of the practitioners' contribution to strategy by selecting a wider reference group.

Moreover, S-a-P literature has not drawn sufficiently from an empirically and theoretically rich body of literature on managerial work activity. Within that field, exemplars such as Mintzberg (1973), Kotter (1982), Stewart (1967, 1976, 1982), and Hales (1986, 1987, 1999) have managed to generalise about the managers' work, providing equally rich accounts of their activity through ethnographic

studies. The field of managerial work activity achieves generalisations that the S-a-P literature does not make. Researchers on managerial work activity take occupational groups as a reference while, within the S-a-P literature, this is something that represents an ‘untouched’ level of abstraction to the macro community level.

The field of managerial work activity is not extraneous to the S-a-P field; early on, Whittington (1996: 734) had suggested that the field of managerial work activity may provide relevant insights. Indeed, they both share a focus on the practitioners’ detailed activity and, while the S-a-P field also emphasises the process of social interaction, this is not exclusive in the managerial work literature. Exemplars within the field of managerial work activity have long noted that, when we observe managers at work, what we see is a lot of talk (Mintzberg, 1973; Kotter, 1982; Stewart, 1982; Watson, 1994, 1995). As Tsoukas (1996: 23) also suggests, know-how and expertise are expressed and embedded in social interaction. Some authors (Hardy et al, 2000; Roos and Von Krogh, 1996) went as far as to suggest that the outcome of the strategy process depends to a large extent on factors such as who talks to whom, why they talk, what they talk about, and when these conversations take place. The process of social interaction looked for by the S-a-P community can be well accommodated within the same ethnographic focus.

On the other hand, the study of managerial work activity carries a potential problem, which authors within the S-a-P field have so far avoided: the conceptual linkage between managerial activity and organisational strategy. So far, the S-a-P field has tackled this problem via multi-layered modes of inquiry linking micro activity to strategic outcomes. This is represented in what Whittington et al (2004:15) noted as the requisite breadth in research approach:

‘While the foundation of strategy practice research will remain such intimate research engagements as ethnography, making links between managerial and organisational action will require as well a stronger grasp of what is going on outside particular local episodes’

The required breadth in research approach can be inclusive of the study of managerial work activity, which, combined with a conceptual linkage between managerial activity and organisational strategy, will allow context specific generalisations of groups of practitioners.

## **2.5 Summary and conclusion**

The review of the classic strategy literature demonstrated that existing operationalisations of strategy are unable to capture the managers' role and contribution to the strategy of the firm. More recent conceptions of strategy as social practice, as advocated by the S-a-P literature, have given rise to micro-analytic studies on strategy, which allow the managers' contribution to surface. However, the S-a-P literature has provided content, rather than context specific, accounts of the managers' contribution to strategy, focusing more on the forms managers' contribution can take, rather than generalising about groups of practitioners.

The aforementioned narrow level of abstraction is the result of the S-a-P literature remaining confined strictly within organisational boundaries. Section 2.4.3 demonstrated that this narrow empirical focus is a methodological necessity for the S-a-P community, driven by the need to link managerial and organisational levels of action. Given the apparent difficulty of linking focal micro-activities and processes to strategic outcomes at the organisational level, the reference group of practitioners 'needs' to be within single organisational boundaries in order to limit the analytical complexity of such empirical accounts.

Context specific generalisations about the managers' contribution to the strategy of their firm can, however, be given if the focal reference group of managers is wide enough to make abstractions within context. While the sheer complexity of the micro-analytical approach and the difficulty of making links to strategic outcomes obstruct the selection of wider reference groups, a solution can be found through a conceptual linkage of managerial activity and organisational strategy. In other

words, a solution requires a conceptual confrontation of the problem of incommensurability between managerial activity and organisational strategy.

This conclusion points to a gap in the development of the activity-based view of strategy. While the S-a-P literature has emphasised what managers' do and its effects on the strategy of the firm, it has progressed very little in terms of theory development to achieve a conceptual understanding of the linkage between managerial activity and organisational strategy. To do so, as argued in section 2.4.4, it is necessary to take a closer look at what managers actually do, something that requires the use of the research body on managerial work activity.

## CHAPTER 3

### THE FIELD OF MANAGERIAL WORK ACTIVITY

#### 3.1 Introduction

The aim of this chapter is to bridge the empirical gap in the development in the view of activity-based strategy. The chapter starts with an overview of the field, providing an informed understanding of what managers actually do and the nature of their activity. Taking into account the empirical observations made in the field of managerial work activity, section 3.3 assesses the assumption of taking such activity to be 'strategic'. The discussion highlights the problem of the indeterminacy of managerial inputs to outputs at the organisational level; managerial activity may not have any observable outputs at the organisational level because outcomes are the result of interrelated activities and collective action. Section 3.4 reviews role theory as the main analytical tool of managerial work and examines its capacity to be of use to the study of strategy-as-practice; the chapter concludes by showing the way forward, as well as the limitations of the field.

#### 3.2 Overview

##### 3.2.1 The nature of managerial work activity

The managerial stream of research seeks to describe and explain 'why' and 'what' managers do in their workplace. These questions were instilled in a number of early classical studies that had an impact on the field thereafter (Kotter, 1982; Mintzberg, 1973; Sayles, 1964; Stewart, 1967, 1976, 1982). Hales (1986, 1999, 2001), in his comprehensive reviews of the research within the field, found that managerial work exhibits a number of consistent characteristics. Although these appear diverse, and to a different extent in the literature, the following findings are considered common:

- Short, interrupted and fragmented activities

- An obligation to react to events, problems and the requirements of others
- A preoccupation with the urgent, ad hoc and unforeseen, rather than the planned
- The embedding or nesting of activities within others
- A high level of verbal interaction, often face to face or by phone, but increasingly by email
- A degree of tension, pressure and conflict in seeking to juggle competing demands
- Considerable choice and negotiation over the nature and boundaries of the job and how it is done

(Hales, 2001: 51)

The above findings portray managerial activity as fragmented, reactive, and preoccupied with the day-to-day and the routine, in contrast with classical management theory (Fayol, 1916; Barnard, 1938), which describes management through its functions that are much grander in scope. Classical management theory was first challenged by Mintzberg's (1973) observational study of American CEOs. Mintzberg's study attracted scholarly attention when it presented managers as reactive, non-planning, non-methodical beings. While Mintzberg's study has since been frequently replicated, with his findings being confirmed and occasionally, disconfirmed, there is a general consensus about the apparent gap between the theory and practice of managerial work activity.

### 3.2.2 Reconciling the theory and practice of managerial work

Despite the convergence of empirical findings, the field was subject to criticism for failing to bridge the gap between theory and practice or what Mintzberg (1975) called 'a gap between folklore and fact'. The theory of management is represented by the classic teachings of early authors such as Fayol (1916) and Barnard (1938), who portray management through its functions. Fayol identified five elements of management: planning/forecasting, organising, commanding, coordinating and controlling. Although management functions as identified by early authors were not empirically grounded, they were generally accepted as sufficient descriptors of managerial work. The dissonance between theory and practice was illustrated when

those conceptions of managerial work were gradually tested by later empirical studies, and as they showed, could not explain the body of evidence.

More recently, that concept seems to have been turned around, with authors arguing that previous studies had been hasty to disclaim previous theoretical assumptions. The results of empirical studies, showing that managers do not spend much time coordinating, planning and controlling, does not mean they do not do so (Hales, 1986; Whitley, 1989). Various authors (Hales, 1999; Noordegraaf and Stewart, 2000; Tsoukas, 1994; Willmott, 1984) hold the inability of existing research to explain managerial work partially responsible for the gap between theory and practice, taking into account the context in question. As Tsoukas (1994: 294) says:

‘if the study of managers is reduced to the study of individual actors on stage, the script and the setting which enable actors to perform in the first instance are neglected’

The above, however, does not imply that there are no areas of agreement that span both theory and practice. Hales (1986, 1999, 2001), in his reviews of the field, found that in both the evidence and theory of accounts of managerial work: a) the nature of managerial work is contingent upon contextual variables; b) the managers’ activities are not only influenced by their context; they can also choose or negotiate their content and style of work; c) managerial activities are not performed unproblematically, instead they are compromised and negotiated within the organisation, d) the boundaries of managerial work are fluid. An individual manager can define the extent to which he or she will get involved in different activities and stretch across normal business boundaries.

### **3.3 The ‘strategicness’ of managerial activity**

The question arising is: how can the managers’ contribution to strategy be conceived if the empirical evidence demonstrates that their actions are anything but strategic. This concern has been echoed in Whittington’s (1996) early work:



‘research on managerial work may be more focused on its unromantic realities, leading to the marginalisation of strategic activity’ p.734

As an afterthought, Whittington (2002: 9) commented that the work of practitioners may consist of unglamorous material but this is probably the largest part of their activities. He further suggested that the practice perspective needs to go deeper into the black box and delve into the ordinary work involved in the routines of everyday life. However, the lack of an operational account of how managerial activity may affect the strategy of the firm has given rise to the presumption, among some authors within the S-a-P field (Clark, 2004; Hendry and Seidl, 2003; Whittington, 2003, 2004), that (top-level) managerial activity can be equated to strategic activity. Clark (2004: 105), for example, stated:

‘...strategy is a crucial and time-consuming activity’

The above presumption is apparently made by various authors for simplification purposes, but does not help when it comes to giving an operational account of the managers’ contribution to the strategy of the firm. Thus, S-a-P literature tends to assume that all (top-level) managerial activity is strategic, in a similar manner to the planning approach to strategy, though distinguished by its micro-analytical approach and the focus on the focal managers.

In this section I will argue that managerial activity should not be labelled as ‘strategic’, as strategy is a property of the firm and not of managerial activity. Managerial activity should rather be seen as the raw managerial input which, if seen in isolation, gives away very little about what is achieved at the level of the firm, or in other words, its output. To prove this point, evidence is drawn from empirical evidence on the managers’ planning activity (Section 3.3.1).

### 3.3.1 Evidence from planning

Early studies on managerial work diminished any perceptions that considered managers to be proactive, reflective beings. Mintzberg (1973), in his study of CEOs

in the US, provided evidence for that supposition and agreed that managers do not plan their work activities; they act whenever an issue occurs. More specifically, he found that managers spend very little time planning, are subject to constant interruptions, hold short, face to face meetings which flit from topic to topic and respond to the initiatives of others far more than they initiate themselves. Mintzberg's explanation is that managers prefer the more active elements of their work; in particular, activities that are current, specific, well defined and non-routine. This picture does not portray a strategist. As Mintzberg (1973: 153) explains:

'The strategy making process appears to be integrated only by the sense that the manager, by virtue of his great store of information and the loose plans he develops in his head, can interrelate the decisions he makes. Thus, current strategy-making practice cannot be characterised as grand planning'

Kurke and Aldrich (1983), who replicated Mintzberg's study, give a similar account. Their findings supported Mintzberg's theory, as the authors claim, in all important respects. Kurke and Aldrich (1983: 12) conclude their analysis by asking:

'How can organisations tolerate the non-planning manager pictured in Mintzberg's and our results?'

They provide three possible answers. Firstly, the manager can afford the luxury of not planning because organisational subunits respond effectively to their environments. Secondly, no organisation has a disadvantage because its managers do not plan. Finally, a non-planning stance can be sustained because it allows organisations to respond to unexpected changes and maintain a good fit with their environments. The authors therefore portray managers as constantly reacting to environmental pressures with no plan or strategy to serve as a guide.

We can identify two issues in the existing empirical findings. The first is the observation that managers do not engage significantly in planning activity, which, if considered as the observable manifestation of strategic activity, should be discarded as such. Second is the subsequent observation that managerial activity itself is

fragmented and remedial in character, illustrating a very reactive stance on behalf of the managers. According to some authors (Kurke and Aldrich, 1983; Kotter, 1982), though, such a stance retains efficiency; formal planning may not be used as such, as the nature of managerial work dictates a reactive and opportunistic way which is more efficient than formal planning. Kotter (1982: 60-94), for instance, explained that the fragmented and remedial nature of managerial activity, in the context of agendas and networks, means that a reactive, informal and piecemeal distribution of time and effort is both efficient and effective. Agendas are uncertain and dynamic, as they refer to the implicit goals and priorities the managers have, which are loosely coupled with specific strategies and plans, and are likely to be changed or revised according to the managers' interpretation of the organisation's situation. The managers, as Kotter observed, use their network, which can often include hundreds or thousands of individuals, to achieve their agendas. In light of the complexity and uncertainty of agendas, formal planning may be difficult to use, whereas reactive and opportunistic behaviour allows managers to achieve much in a short time and rapidly deal with a range of problems.

The presentation of the empirical findings on the managers' planning activity shows not only the misconception that (top-level) managers engage in strategic activity which is exemplified through planning, but also that, for the managers to get things 'done' and produce the desired outcome, it is necessary to engage in an array of interrelated activities. So it is not the activity itself that is strategic but the overall output of interrelated activities. Even authors (see for instance Snyder and Glueck, 1980) who replicated Mintzberg's (1973) work and challenged the validity of his findings have concurred that the key is to understand the context of the managers' work and the way their activities are interrelated. Planning may not be a significant part of managerial activity, but in the context of the managers' work, the fragmented and reactive nature of their activity enables managers to produce more than they would do through planning. However, planning is not the only example of the futility of expecting an isolated managerial activity to account for the managers' output. Brunsson (1982), reflecting on decision science, suggested that some seemingly irrational decision making serves to get things 'done' within the organisation by developing motivation and commitment to action amongst organisation members. Hence, within context, such decision making becomes

rational. A similar argument can hold here: managerial work activity serves to get things 'done' and produce the desired outcome, though in a seemingly fragmented, remedial, and reactive manner. It is therefore sensible to separate managerial activity (input) from results at that level of the firm (seen as managerial output). Organisational outcomes may well be of strategic importance and, as such, references should be made to strategic outcomes but not to 'strategic' activity.

### 3.3.2 The problem of indeterminacy: Linking managerial inputs and outputs

In the previous section it was demonstrated that managerial activity, if seen in isolation of the particular context as well as other interrelated activities, represents only the managers' inputs and not their output, or what is achieved at the level of the firm. Literature on managerial work activity, however, has focused on describing and explaining patterns of managerial inputs and not output at the organisational level. This is problematic, as without a linkage between managerial inputs and outputs, we are unable to connect managerial activity to strategic outcomes.

In the literature on managerial work, the effects of managerial activity at the level of the firm remain obscure, although various authors have tried to breakdown the problem of the indeterminacy of managerial inputs to outputs or suggest solutions. Marples' (1967) had suggested the analysis of problem portfolios of managers as a way forward, arguing that the resolution of problems could be seen as the managers' output. Many years later, Whitley (1989) argued that managerial problems cannot be specified and resolved without considering related issues, because it is the overall outcome that is important. According to Whitley (1989: 214), managerial work can only be evaluated in terms of the collective output of the system of which it is part, and competence cannot be determined by direct visible results of task performance. In the same vein, Hales (2001: 56) writes:

'individual managers may not make a difference because no-one does: organisational outcomes emerge, without evident authorship, from complex negotiated interactions'

Whitley (1989) and Hales (2001) refer to issues of collective action within the firm, whereby the managers' inputs may not have a significant or at least a discernible effect at the level of the firm, given the complex and negotiated input of other actors in the organisation. Bearing in mind that the research body on managerial work activity necessarily focuses on the focal managers and not on the collective action within the organisation, there is an obvious problem in terms of how to grasp managerial output without straying from the study of the managers in question. This, according to the authors, seems to be the major obstacle in grasping managers' output at the level of the firm.

Hales (1986), however, did suggest a way to understand managerial output through the study of managerial activity. In particular, he noted:

'a dichotomy between doing and achieving is misleading. It is better to conceive it as a continuum ranging from simple behaviour stripped from the context of intention, and therefore of meaning, through activities endowed with context based meaning, to tasks, or the defined goals of activity and functions, the intended contribution of managerial tasks to the organisation as a whole' (Hales, 1986: 106)

Hales' suggestion represents an attempt to establish a linkage between managerial inputs and outputs at the organisational level in an operational manner. His conception of managerial inputs does not stray from that of early authors (Mintzberg, 1973, Kotter, 1982; Kurke and Aldrich, 1983; Snyder and Glueck, 1980), who acknowledged that the incompleteness of isolated managerial activity accounts for the managers' contribution at the level of the firm. On the other hand, the interpretive approach Hales (1986) advocates adds to the traditional ethnographic approach taken by researchers within the field, suggesting a more integrative treatment of the problem of indeterminacy.

Taking into account the discussion above (see also section 3.3.1), we can conclude that activity cannot be strategic as such; however, the outcome that is produced by the managers' activity can be strategic. The connection between managerial activity

and strategic outcomes is problematic, arising from the issue of the indeterminacy of managerial inputs to outputs at the level of the firm. Within the literature on the subject, managerial work activity does not have a discernible effect on the outcomes that are produced at the level of the firm. It is, however, possible to link managerial inputs and outputs through a more integrative approach, combining ethnography and interpretivism.

### **3.4 Examining the contribution potential of role theory**

Role theory has been commonly used in studies on managerial work activity by ascribing sets of roles to the managers under examination in order to generalise and typify their behaviour. Elements of role theory, however, have also been used within S-a-P literature, and the question is whether role theory can be transposed to S-a-P research. This section therefore dwells on role theory and examines the feasibility of applying role theory in studying managers' contribution to strategy, as well as assessing its potential to become a means for generalising about the managers' contribution.

#### **3.4.1 Overview**

Authors (Merton, 1957a; Katz and Kahn, 1978; Fondas and Stewart, 1994) have conceived a role set to be the people with whom the manager has contact with, and who hold expectations about the manager's performance. Since the people that form the role set depend on the manager's performance to an extent, they develop beliefs and attitudes on what the manager should do as part of his/her role. These beliefs and attitudes held by members of a role set are described as role expectations, which are 'sent' to the focal person in the form of a sent role; this refers to the interaction episodes between the members of the role set and the manager. The manager's perception of the messages sent by the role set is the received role. Finally, role behaviour is what the manager does in response a) to the received messages and b) his/her perception of the role.

In the field of managerial work activity, role theory has been a useful analytical tool for examining variations of managerial work across different contexts (Hales, 1987; Hales and Tamangani, 1996; Hickson, 1973; Stewart et al, 1994), and thus, providing context specific generalisations regarding managerial work. Role theory has, however, been criticised as giving an overly deterministic view of managerial activity. Empirical studies often describe managerial work as observable behaviour driven by other people's expectations. Generalisations are made based on the manager's position in the organisation's authority system and across other organisations. In such cases, 'role' is used to describe a process of conformity and consensus over role expectations.

Theoretically, a degree of disagreement over the focal person's behaviour is possible and this disagreement, or role conflict, allows the manager to define the expectations to which he or she prefers to be held (Kahn et al, 1964; Miles and Perreault, 1976). In cases when people assume different roles than that expected by their role set, in Goffman's (1967) terms, they display 'role distance'. Fondas and Stewart (1994) use the term 'expectation enactment' to refer to the impact the focal manager has on the expectations of the role set. In other words, the focal manager assumes roles divergent from the sent roles purposefully by 'intentionally initiating opportunities to shape role expectations' (Fondas and Stewart, 1994: 88).

There have been efforts by various authors (Crozier and Friedberg, 1980; March and Simon, 1958; Montgomery, 1998; Simon, 1981) to make use of role theory, not just as a means of generalising about managerial behaviour, but as an integrative analytical tool that can be useful in organisation theory as well. Simon (1981), for instance, argued that a role is not a set of prescribed behaviours, but a set of prescribed decision premises. Earlier, March and Simon (1958) saw roles as descriptors of logical action as opposed to the rational/calculative choice (a characteristic of contingency theorising). Crozier and Friedberg (1980) conceptualised roles as descriptors of action that allow actors to play the 'organisational game'. One of the most recent and integrative attempts to conceive a role is made by Montgomery (1998), who builds upon March and Simon's distinct explanation of the logic of action, showing how they can be reconciled.

Thus, theoretically, role theory seems to be a promising analytical tool with some integrative capacity.

### 3.4.2 Application of role theory within the S-a-P literature

Within the S-a-P literature, expectations analysis, similar to that used in role theory, is used to understand how individual actors affect outcomes by shaping other actors' expectations. Bowman and Ambrosini (2000, see also van't Hof, 2005) note that a common approach in corporate change is to introduce a new CEO. Typically the CEO is driven by others' expectations to effect change, and the confidence to act derives from direct personal experience of the 'solution'. Maitlis and Lawrence's (2003: 120) empirical study of strategising in the British symphony orchestra concurs with the previous point:

'With the arrival of the new Artistic Director in February 1998 came the strong expectation within the orchestra that there would soon be an artistic strategy'

At an even more micro level, Denis et al (2004) illustrate how practitioners use numbers when strategising in order to shape others' expectations, while Hodginson and Wright (2002) describe an event where the arrangement of details by the CEO, such as the seating plan, commanded a different set of expectations by the participants.

Role theory however, or indeed, any type of expectations analysis, can only express partly managerial inputs to strategic outcomes. As Golsorkhi (2004: 10) shows, in his typology of types of practice (based on Weber's typology of action), practice driven by expectations represents only one type, which is alongside value-oriented, emotion-oriented, and tradition-oriented practice. In this sense, role theory cannot be applied in S-a-P research, as it does not fully encompass the managers' inputs.

Johnson et al (2003) concentrated more on conceptual development, seeing expectations analysis as a method by which we can understand how actors construct



their institutional environment, thus providing a link between the micro and macro context of action. As Barley and Tolbert (1997: 94) argue, we can understand institutions in terms of:

‘the history of negotiations that lead to ‘shared typifications’ or generalised expectations and interpretations of behaviour’

As Johnson et al (2003) see it, expectations analysis and, in effect, role theory is not a means for generalising about practitioners, but rather a mid-level theory by which micro-level interactions are linked to macro-level institutions, nurtured by a shared pool of expectations across the reference group of practitioners.

### 3.4.3 Contribution potential and limitations

Role theory has served the field of managerial work activity and has been problematic for organisation theorists, who attempted to link managerial and organisational action. However, the use of elements of role theory within S-a-P literature, unlike the literature on managerial work, is not about typifying managerial behaviour, but provides an analytical tool to look at how actors influence, and are influenced by, their surrounding environment. Therefore its contribution is that it provides a means of analysing the reciprocal communication between the micro and the macro context of action. Nonetheless, role theory cannot be used as a principal theory in the activity-based view of strategy. It is limited as a means of describing managers’ inputs (activity) to achieve the desired strategic outcomes, as it can only account for expectation-driven managerial inputs.

## 3.8 Summary and conclusion

Empirical evidence from the literature on managerial work activity challenges some of the assumptions made by authors within S-a-P literature, in particular that of taking strategy as an activity. It was argued that strategy cannot be deduced to be any isolated activity because strategy can be the outcome of many interrelated

activities, therefore reasserting the importance of linking activities to outcomes at the organisational level, which may well be strategic.

S-a-P literature, however, has failed to provide an integrative conceptual account for the connection between managerial activity and strategic outcomes. As shown in chapter two, such linkages are established in a rather experiential manner, assisted by in-depth, micro-analytical, and often multi-layered studies. On the other hand, the sheer complexity of its micro-analytical approach has led to the voluntary confinement of its empirical body within strictly organisational boundaries. This has created a problem for empirical research, by obstructing the selection of wider reference groups, and effectively limiting the extent of generalisation that can be achieved.

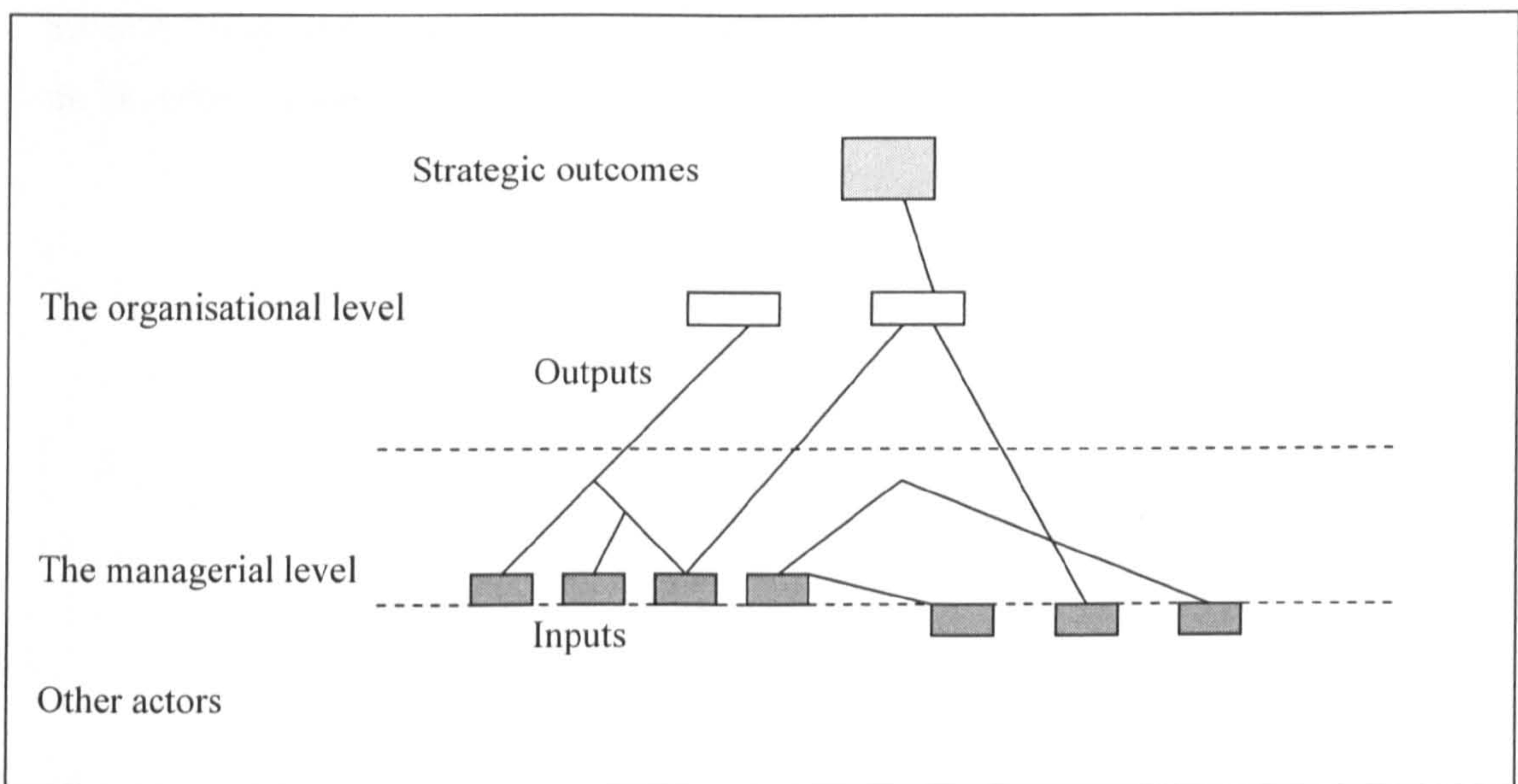


Figure 1: The problem of indeterminacy

At this point, we can decompose the problem to its constituent parts: firstly, the difficulty of moving from managerial inputs to outputs at the organisational level (Figure 1). As shown by the review of literature on managerial work activity, the link between what the managers do (their inputs) and what they achieve (their outputs) at the organisational level cannot be readily determined. Not only are the managers' inputs complex and interrelated, but also negotiated with other actors within the firm, making their output at the level of the firm difficult to discern.

Hales (1986), however, attempted to provide a solution by viewing the managers' output as the intended contribution of managerial tasks to the organisation as a whole, giving way to interpretive rather than ethnographic approaches to identifying the managers' output. Secondly, there is the problem of identifying the outputs that lead to strategic outcomes. Just as we cannot assume that managerial activity is strategic, we cannot assume the strategicness of its output.

Going back to our conclusion in chapter two, an attempt to generalise the contribution of practitioners within context requires a conceptual resolution of the problem of the incommensurability between managerial activity and organisational strategy. Knowing the constituent elements of the problem, we are left with two tasks: a) to grasp the managers' output at the organisational level and b) to identify those outputs that lead to strategic outcomes. In doing so, it would be possible to avoid a focus on in-depth, micro-analytic studies on single organisations, allowing the selection of reference group practitioners within wider contexts.

## CHAPTER 4

### UNIFYING THE FIELDS

#### 4.1 Introduction

Chapter 3 concluded by suggesting that it is possible to operationalise the managers' contribution to the strategy of the firm by identifying the managerial outputs that lead to strategic outcomes. By doing that, it addresses the problem of the incommensurability between managerial activity and organisational strategy, the resolution of which will allow context specific abstractions about the managers' contribution. Consequently, this chapter is concerned with devising such an operationalisation. Firstly, it deals with the basic problem of the indeterminacy of managerial inputs to outputs at the organisational level; for that purpose, section 4.2 suggests a unitary view of organisation, which cancels out issues of collective action and minimises intraorganisational complexity. Section 4.3 makes the proposition that uncertainty is a strategy-generating principle, common in both managerial and organisational levels of action. Therefore, by examining the managers' response to uncertainty, it is possible to identify those outputs that lead to strategic outcomes. Finally, section 4.4 describes the conceptual framework that is applied for the purpose of the study.

#### 4.2 Towards a unitary view of organisation

The connection between managerial and organisational action has been a critical issue within the S-a-P field (Hung and Whittington, 1997; Jarzabkowski, 2004; Jarzabkowski and Wilson, 2002; Johnson et al, 2003; Whittington, 2001). In chapter three, I argued that this issue is part of the more fundamental problem of the indeterminacy of managerial inputs to outputs at the organisational level. In simple terms, the interrelated nature of managerial activities and issues of collective action within the firm make the identification of the managers' output obscure. Hales' (1986) proposition of eliciting the managers' intended contribution to the organisation as a solution to the problem of indeterminacy, although useful, does

not resolve the issues of collective action within the firm. In order to overcome the problem of indeterminacy and link the managerial and organisational levels of action, I suggest the adoption of a unitary view of organisation, a simplifying assumption that minimises issues of collective action, and thus, permits the communication between managerial inputs and outputs at the organisational level.

A unitary view of organisation suggests that power is concentrated on one, or a few people, within a firm (Burrell and Morgan, 1979). In Burrell and Morgan's (1979: 204) analysis, the unitary view of organisation assumes confluence, not conflict, between individual, group and organisational goals. Similarly, Grandori (1995) refers to unitarist organisations as those that do not have intraorganisational interest groups, and where administrative effectiveness does not rely on the outcome of their negotiation or collaboration. Unitarism also appears frequently in organisational behaviour literature (see Abbott, 2006; Corby, 1992; Fox, 1974; Geare et al, 2006; Lewis, 1989), especially in the employment relations stream, denoting one set of interests and values binding all parties towards a common goal. Provis (1996), in his critical reassessment of the unitary view, however, suggests that 'interests' are substantially different from 'values', and emphasises the role of organisational culture in shaping what can be either a unitary or pluralist organisational environment.

In the strategic management literature (Child, 1972; Eisenhardt and Bourgeois, 1988; Hambrick and Mason, 1984; Miller et al, 1984; Koza and Thoenig, 2003), the unitary view of organisation is used more as an assumption rather than an observable fact, assuming that managers have complete authority within the organisation, which allows for focus on the top echelons of the firm. Child (1972), for instance, applied it in his concept of strategic choice.

'We need to direct our attention towards those who possess the power to decide upon the organisation's structural rationale, towards the limits upon that power imposed by the operational context, and the process of assessing constraints and opportunities against values in deciding organisational strategies' (Child, 1972: 13)

In Child's view, the management's activity outside the organisation is highly political, being engaged in boundary spanning activities (power relationships outside the organisation); within the organisation, he assumes that power is centralised around a few key holders of power, the top echelons of the firm. Power-holders are assumed to have complete authority and therefore their actions are free from internal conflict.

What Child achieved with this assumption is to conflate managerial and organisational action, permitting the study of the environment-firm interaction, whilst assuming that the power-holders' political behaviour is oriented outside the organisation and not within. Even though these individuals, the power-holders, are endowed with authority within the organisation, their power is constantly negotiated outside the organisation. Hence, instead of recognising the conflicts and diverse interests at the intraorganisational level, strategic choice acknowledges conflicts and diverse interests at the interorganisational level as well as the capacity of organisational agents to exercise power over the environment.

In the context of this study, the adoption of a unitary view of organisation has implications for the activity-based view of strategy. Firstly, it deals with the problem of indeterminacy, assuming that the output of managerial activity is not negotiated with other actors within the firm. In turn, this opens the path for a conceptual development of how managerial activity contributes to strategic outcomes. Lastly, by denoting a focus on the power-holders rather than intraorganisational groups, it allows generalisations about practitioners at a cross-organisational level. In other words, it allows context-specific generalisations about the managers' contribution to strategy.

### **4.3 Uncertainty as a strategy-generating principle**

The unitary view of organisation allows us to eliminate issues of collective action in strategy formation, place the managers' role at centre stage, and make the managers' outputs at the organisational level easier to discern. Yet, as argued in section 3.3, we cannot readily equate managerial outputs to strategic outcomes, just as we cannot assume that managerial activity is 'strategic'. Here, it is possible to

develop an integrative link between managerial activity and organisational strategy by conceiving the outputs that lead to strategic outcomes as those that result from the managers' response to uncertainty. In particular, in the following discussion it is argued that if uncertainty is a predictor of organisational action, which can be referred to as strategic, and a generative mechanism of managerial action; then the managers' contribution to achieving strategic outcomes, and in effect to the strategy of the firm, is defined through their response to uncertainty. In this sense, uncertainty is taken as a strategy-generating principle that allows the operationalisation of the managers' contribution to strategy.

#### 4.3.1 Uncertainty and strategy

The strategy field has long treated uncertainty as the driving force of organisational strategy (Fredrickson, 1983; Hampden-Turner, 1993; Jauch and Kraft, 1986; Mintzberg, 1978; Pettigrew and Whipp, 1991; Quinn, 1988; Spender, 1980, 1989), based on the commonplace assumption among early organisation theorists (March and Simon, 1958; Scott, 1987; Thompson, 1967; Williamson, 1975, 1985), as well as in early seminal empirical studies (Burns and Stalker, 1961; Chandler, 1962; Emery and Trist, 1965), that uncertainty is a predictor of organisational action. Following this line of thought, the predominant view was that organisational performance is dependent on the management's ability to reduce uncertainty. In his seminal work, Thompson specifically argued that most organisational action can be explained by the need to reduce uncertainty. Thompson's formal theory of organisations suggested that uncertainty is handled within the organisational domain through 'buffering', as a response to environmental fluctuations, and through 'anticipating and adapting', as a response to environmental constraints. With regard to the former, organisations will tend to 'smooth' their effects, by attempting to reduce the fluctuations in their controlled environment. Thompson's theory encapsulates what following studies within the strategy field saw as the process of adaptation in response to changes in the external environment.

### 4.3.2 The management's response to uncertainty

Assuming that management has a mediating role (Child, 1972; Mintzberg, 1978; Penrose, 1959; Pfeffer, 1975) in the environment-firm interaction, thus driving organisational action when dealing with uncertainty, we can understand the management's response to uncertainty as their contribution to the strategy of the firm (Spender, 1980, 1989). As shown earlier, strategy literature views changes in the state of the external environment, to which organisations need to adapt, as the major source of uncertainty. The management's understanding of their firm's environment then becomes of central importance. Penrose (1959) developed the notion that managers create a view of their organisation's environment. Early studies (Lawrence and Lorsch, 1967; Downey et al, 1977; Duncan, 1972; Tung, 1979) concur that the objective measurement of the environment is fraught with difficulties, being influenced by the decision maker's perceptions and interpretations. Managers may even filter the signals from the external environment in order to align them with what they consider more relevant to their organisation's situation. As Penrose (1959: 215) says:

‘The environment is treated as an image in the mind of the manager because this is the environment which is relevant to the managers’ decisions’

Consequently, the managers' response is contingent upon their interpretive understanding of their situation. This notion has been particularly reflected in the literature on strategic groups (Daniels et al, 1994; Fiegenbaum and Thomas, 1993; Porac et al, 1989; Reger, 1990; Reger and Huff, 1993), which looks at business competition from an individual perspective, having established the cognitive schema of the environment held by the key decision makers as the link between community/ group level and firm level competitive phenomena.

Nonetheless, the management's response is not only contingent on their interpretive understanding but also embedded in what Schutz (1967) calls ‘stocks of knowledge’. Stocks of knowledge are characteristic of communities, being developed through a history of interactions within a given social context (Berger



and Luckman 1971; Schutz and Luckmann, 1973). As Reger and Huff (1993: 106) would explain:

‘managers interact with each other at industry associations and other gatherings; they share similar sources of information such as trade publications; they hire from the same professional labor pool and frequently employ the same consultants’

Similarly, Berger and Luckmann (1971: 76) had argued that social interaction among individuals builds up a set of mutual expectations which, when confirmed, are treated as understanding. Part of this understanding is how individuals make choices, leading to a transfer of judgment and the beginnings of a shared rationality. Spender argued (1980: 95) that this socialisation process eventually generates a body of shared understanding or common rationalities. At the industry level, what Spender (1989) refers to as the ‘industry recipe’ represents the group’s shared rationality.

In Spender’s view, the management’s response to uncertainty does not only define their contribution to the strategy of the firm, but also demonstrates the context-specific nature of their contribution. Drawing upon Schutz’s (1967) work, Spender argued that managers within the same industry, in the face of uncertainty, draw from a shared pool of knowledge from which they make judgments. These judgments denote a shared understanding amongst communities of practitioners as to how they can deal with uncertainty.

#### 4.3.3 Uncertainty and managerial activity

The previous discussion showed that communities of managers within specific contexts have a shared knowledge of how to deal with uncertainty, or as Spender (1980, 1989) saw it, a shared manner of making strategy. Spender saw the management’s response to uncertainty as the judgmental bridge between organisational strategy and managerial activity. In his empirical work, however, he focused on the judgmental and not on the ‘activity’ part of his conception. Penrose

(1959) provided further insights in her work, although Spender did not explicitly build upon it at that time. Penrose referred to the 'judgmental' part as the managers' experiential knowledge, whereby the managers use to choose actions which enable the firm to sustain itself and grow. She also added that this knowledge is reflected in the managers' activity; in particular, in the activity patterns for handling the operating cycle of the firm, thus giving a more operational account of how uncertainty is linked to both the managerial and organisational levels of action. Bowman and Ambrosini (2000) provide further empirical evidence on this matter. Building on the assumption that an individual's actions stem from applying their unique interpretation to the situations confronting them, they provided an experiential account of how these actions are mainly based on experience and learned routines. They noted:

'the CEO may perceive that the organisation is performing satisfactorily and may play down or overtly dismiss signals from the environment that would suggest that changes are necessary' (Bowman and Ambrosini, 2000: 208)

The authors suggest that the managers' routine actions are dynamic, being contingent to their ongoing interpretation of their organisation's situation which, in turn, informs their judgment about the credibility and viability of their actions; furthermore, in the case of uncertainty, the managers would engage in non-routine activities. Their account is not far from Penrose's conception. Penrose (1959) saw routine activity as exhibiting a degree of what has since been described as 'path dependence (Lei et al, 1996; Winter, 1987), influenced by the firm's resource base, as perceived by its management team. She also recognised that non-routine activity (i.e. the creative recombination of the firm's resources) was required in order to create value for the firm:

'The resources with which a particular firm is accustomed to working will shape the productive services its management is capable of rendering' (Penrose, 1959: 5)

'The services that resources will yield depend on the capacities of the men using them, but the development of the capacities of men is partly shaped by

the resources men deal with. The two together create the special productive opportunity of a particular firm' (Penrose, 1959: 78–9)

The managers' ability to create value depends on their capacity to perceive and pursue what Penrose calls 'productive opportunities' in the external environment. This can be explained as their capacity to detect the demand for resources in the external environment, which they can satisfy through their 'productive services'. Penrose, however, took a quasi-unitary view, rather than the unitary view adopted by previous authors focusing on the top management teams. Unity of action in Penrose's (1959: 46) work is achieved by the shared experience of the top management team in a firm-specific capacity, without which managers cannot function properly and seize productive opportunities.

Reflecting back to the empirical evidence from the literature on managerial work activity, it is apparent that it concurs that uncertainty is a generative mechanism of managerial action. In particular, the effects of uncertainty lead to the selection of active and non-routine elements of work (Mintzberg, 1973; Kotter, 1982). While empirical studies (see for example Stewart, 1967; Mintzberg, 1973; Noordegraaf and Stewart, 2000) present managerial activity as preoccupied with day-to-day issues and problems, resulting in the portrayal of a fragmented and remedial pattern, it is apprehension over the uncertain and the problematic which forces managers to reestablish balance and continuity.

The above discussion illustrates that uncertainty is not only a strategy-generating principle at the organisational level but also a generative mechanism of managerial action. Authors within the S-a-P community (Chia, 2004; Jarzabkowski, 2003; Jarzabkowski and Wilson, 2002; Salvato, 2004; Samra-Fredericks, 2003; Whittington, 2002) have also stressed the link between managerial activity and strategy, although they have given mostly experiential accounts of how detailed managerial activities contribute to strategic outcomes. Conceiving the managers' response to uncertainty as their contribution to the strategy of the firm plays a dual role: it helps in the identification of the managerial outputs that lead to strategic outcomes as well as the related inputs.

#### 4.4 The conceptual framework

The managers' contribution to strategy is operationalised as their response to uncertainty, which is evident at both the domain of knowledge (section 4.3.2) and the domain of practice (section 4.3.3). Having made the simplifying assumption that power is concentrated within one, or a few individuals within the firm (section 4.2), we can view the managers as the mediators within the environment and the business (in line with similar conceptions developed by Pfeffer, 1975 and Mintzberg, 1987). Thus, three levels of analysis can be employed in this conceptual framework, similar to those suggested by Johnson et al (2003): the environment within which the firm operates; the firm itself; and the focal managers (Figure 2).

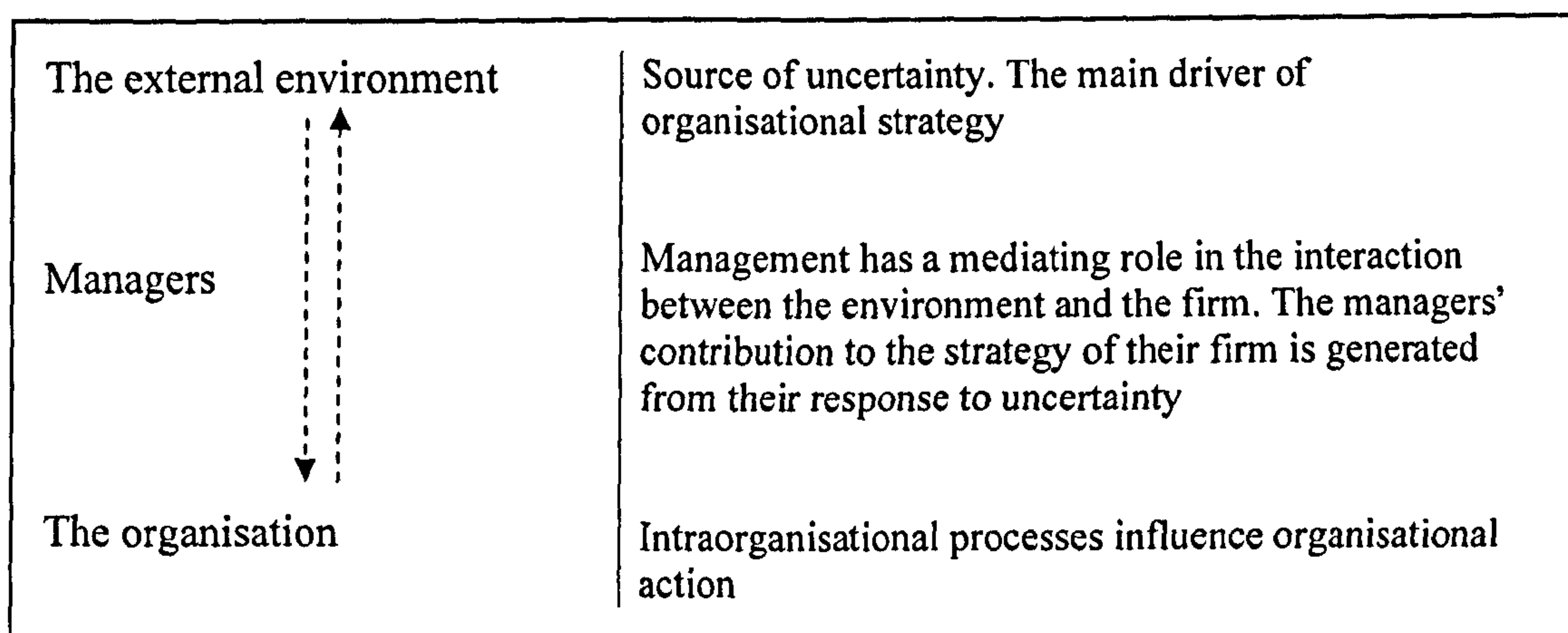


Figure 2: The conceptual framework

The external environment is seen as the main source of uncertainty, which affects the context in question. Consequently, the environment, as a source of uncertainty, has to be understood as being socially constructed by the group of practitioners (section 4.3.2). Over time, the groups develop a shared understanding of the issues pertaining to their firms' situation and of how to deal with them.

The organisation, on the other hand, is seen as a unitarist environment where uncertainty is limited, as power is concentrated on a few actors within the firm, thus making it free of internal conflict (section 4.2). The resulting uncertainties may vary, however, according to the structural characteristics of the firm (section 2.2).

Whether these uncertainties originate from the external environment or from within the firm, they may have a different effect contingent on the firm's specificities.

The focal managers have a mediating role between the environment and the firm and, within the context of their occupational group, they share a common knowledge of the uncertainties that pertain to their firm's situation. That common knowledge should also be reflected in their practice (section 4.3.3). Previous research within S-a-P literature (section 2.4) has empirically shown how managerial activities and practices contribute to strategic outcomes; however, as this empirical evidence is mostly experiential, generalisations about practitioners are limited, with existing S-a-P research focusing primarily on the various forms the managers' contribution to strategy can take (section 2.4.3). In addition, the absence of a conceptual framework led many authors to arbitrarily conflate organisational strategy with managerial activity (section 3.3).

Within this framework, managerial activity is free of any connotations of 'strategicness'; it is simply taken as the managers' observable raw input, such as their interaction with others, deskwork activity, observational tours and so on. The 'strategic' label, however, can be ascribed to the managers' output (section 3.3.2), or what is achieved at the level of the firm, which in turn is the result of interrelated activities. Unlike the managers' raw input, their output is not observable but can be seen as their intended contribution to the organisation. In turn, managerial outputs that relate to strategic outcomes are identified as those that deal with uncertainty (section 4.3.3).

What this conceptual framework achieves is to locate the managers' contribution to strategy through their mediating role between the environment and the firm, something which is possible only in unitarist organisational environments. By doing so, it becomes possible to move from managerial activity to organisational strategy through the managers' response to uncertainty. This conception advances the study of the managers' contribution to strategy, which has only previously been inferred on an experiential basis (section 2.4).

## 4.5 Conclusion

My conceptualisation of the managers' contribution to the strategy of the firm draws from both strategy literature and literature on managerial work activity, in an effort to address a subject previously poorly examined within the literature: the distinct nature of managerial activity and organisational strategy. In the field of managerial work activity, their distinct nature is reflected in the more fundamental problem of the indeterminacy of managerial inputs to outputs at the organisational level. Issues of collective action and the interrelated nature of managerial activities do not allow such an assumption to be made; however, a unitary view of organisation can be used as a way of eliminating issues of collective action, thus establishing the focal managers as the central figures within their firm. Finally, the managers' contribution to strategy can be identified through their response to uncertainty, which serves as an integrative link between managerial and organisational levels of action.

The managers' contribution to strategy is also context-specific, requiring a local understanding of strategy making. Institutional norms, occupational practices and a shared geopolitical environment often dictate the actions of the practitioners within the local context. The firm itself is a context that sets boundaries for managerial action; its specificities, such as culture or capabilities, require adaptation on behalf of the managers. Generalising about practitioners is therefore a multi-level exercise: an investigation into the practitioners' detailed activity, the organisation, and the organisation's context. Thus, the research inquiry requires breadth to account for the reciprocal influence among the levels of analysis and the bounded nature of the managers' contribution to the strategy of the firm.

## CHAPTER 5

### METHODOLOGY

#### 5.1 Introduction

This chapter explains how the fieldwork was conducted. It starts with the epistemological presuppositions that are made in this study, setting the scene for the case study approach which is adopted; it also elaborates on how each data collection method was used, and gives a reflective account on how the research was conducted and how the data was analysed. Lastly, it discusses issues of validity and reliability related to the study, and presents the sample taken in the study.

#### 5.2 Epistemological presuppositions

Epistemology describes what counts for knowledge and under what conditions it is possible to have it (Eflin, 2003). Every epistemological account begins with a set of assumptions. The preliminary assumption in this study is that strategy is context-specific, and, as such, it is possible to generalise about the practitioners' contribution to strategy within a given context. The practitioners' contribution to strategy, however, is obscure because 'strategy' is treated in this study as something intangible, following the view that strategy is an artefact, a label given by the researcher (see Knights and Morgan, 1990). By conceptualising strategy as the resulting pattern of a response to the external environment, however, it is possible to understand the managers' contribution to strategy as their response to uncertainty.

In generalising about a reference group of practitioners within a particular context (national/industry/sector), I assume that the practitioners develop a commonsense understanding of how to deal with uncertainty; in other words they develop a common way of strategy-making. This is the result of the homogenisation effect of the context. While it is assumed that there are local realities within a particular

context, it is also expected that the practitioners will have a shared understanding, experience and meaning of those realities.

The aforementioned assumptions are not totally new, as similar suppositions have been made by Spender (1980, 1989), and to some extent by authors within the strategic groups literature. In this study, however, I further assert that the managers' contribution to strategy should also be reflected at a more micro level, in the managers' activity. This adds to the previous assumption that we can elicit context-specific accounts of strategy making, the difference being that it refers to the practitioners' domain of practice as opposed to the domain of knowledge which is mentioned above.

The last assumption, however, is valid only within unitarist organisational environments. This is a necessary precondition, as in other, pluralist organisational environments it would be difficult to extrapolate the practitioners' work activity from their contribution to strategy. As shown in the literature review (see section 3.3.2), the impact of the managers' work activity on the organisation is indeterminate, making it difficult to link what they do (their activity/input) to what they produce at the level of the firm (their output). In unitarist organisational environments, the managers' output is easier to discern, as there is no intervention from other actors, given that power is concentrated on the managers. This is reflected in the methodological choices of the study, where the case studies chosen qualify as unitarist organisations.

### **5.3 The case study approach**

A case study approach is used in this study in order to deal with the complexity of the study and the subsequent need for depth in the research inquiry. At a primary level, the complexity originates from the two units of analysis of the study: the managers' activity, which is observable, and the organisational strategy, which is intangible and can be understood *ex post facto* as a response to a changing environment. By linking the two embedded units of analysis through the lens of uncertainty, a set of assumptions are formed (see section 5.2) which necessitate a



multi-level research inquiry able to accommodate: a) the interpretive approach required for understanding the managers' common response to uncertainty, b) the ethnographic inquiry of the managers' work activity, and c) a broad understanding of the organisation and the wider context through a more normative approach, in order to examine the impact of the managers activity on the strategy of the firm.

As a result, the study relies on multiple sources of evidence; these sources allow a relative triangulation of the data, but the development of convergent lines of inquiry is not pursued in this study. Just as authors within the S-a-P stream have contended (Denis et al, 2004), we might well find divergence, which may provide answers and form a different level of analysis. Such divergence is expected, as this study has embedded units of analysis, namely the managers and their firms.

Multiple cases are selected for the purpose of this study, in order to provide enough breadth for making generalisations regarding the selected occupational group of managers and their contribution to the strategy of their firms. The selection of these cases (see section 5.8 for more details) follows a 'replication' (as opposed to a sampling logic), where generalisations are made, not through the size of the population, but through their uniqueness and the extent to which they can display predictable results (Yin, 1994: 45).

#### **5.4 Research methods**

The two main methods of data collection used in this study were direct observation and systematic interviewing; the interviewing consisted of multiple questioning sessions (Appendix 3). Having operationalised the managers' contribution to the strategy of the firm as the actions taken as a response to organisational uncertainty, the main body of the interview was devoted to eliciting the managers' interpretive accounts on how they deal with uncertainty. The observation, on the other hand, elicited patterns of the hotel managers' detailed activity, seen in this study as their raw inputs. Nonetheless, the hotel managers' inputs have a bias towards portraying standalone managerial behaviour, overlooking what is being achieved at the organisational level. Furthermore, the time-consuming nature of the observation

necessitated a short observation period during the operating season of the hotels, not accounting for the managers' inputs outside the operating season. These inherent limitations of observation were mediated through a process of triangulation via the interview. In particular, the main part of the interview required the managers' own account of how their responses to uncertainty reflect on their work activity, which is juxtaposed later with the observational method. Therefore, the interview complemented the observation by gaining the managers' own interpretation of their activity and eliciting their intended contribution to the organisation; in other words, their output. In addition, a supplementary questioning session was dedicated to defining the hotel managers' annual work pattern, in an effort to compensate for the time-limited, non-longitudinal nature of the observation. This gave a more rounded view of their activity, not just a snapshot based on their observable activity, and also compensated for the relatively short observation period in each case.

The case study approach also allowed for the use of a wide range of techniques in the data collection, which were incorporated into the interviews; the interviews included three supplementary questioning sessions. One, as mentioned earlier, required the managers to describe their work activity throughout the calendar year (based on the assumption that their pattern of work is cyclical). In addition, two more questioning sessions were incorporated in the interview, aiming to produce data that is more longitudinal in nature and simulates the hotel firms' responses to a changing environment over an extended period of time through the hotel managers' reflections. This required a different line of questioning compared to the main part of the interview. While the main part of the interview was largely unstructured, allowing the respondents to develop their own constructs, the second part of the interview required the respondents to explore how they had dealt with certain pre-specified issues; here, these pre-specified issues were operationalised as trends and developments in the industry. In order to elicit those trends and developments in the local hotel sector, issues of the specialist magazine, *Tourism & Economy*, for the years 1999-2003 were reviewed, eliciting six major trends and developments (Table 1). This questioning session was further aided by a document which was presented to the respondents (Appendix 5), which reflected a timeline of trends and developments upon which they could add issues that had influenced their firm.

Table 1: Trends and developments in the hospitality industry

**Developments**

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Introduction of the single currency

September 11<sup>th</sup> events

Consolidation in the travel and tourism industry

**Trends**

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Shortening of booking times

Decrease of the travellers' average stay

Seasonality

This additional questioning session is intended to provide a means of comparison among the cases with pre-specified sources of uncertainty. Lastly, a third line of questioning was used to obtain information on how certain pre-specified organisational outcomes were shaped over time; again providing a more structured approach for comparison purposes. This inquiry was assisted by a template presented to the respondents that spanned the organisation's life cycle (Appendix 7). The organisational outcomes used were a) the composition of markets, b) portfolio of partners, c) allocation of hotel rooms and d) their revenue sources. These were selected after taking the preliminary research data into consideration, to ensure that all variables are influential to the hotel firms' performance and upon which the managers have an exclusive or significant degree of choice.

Documentary data was also collected from each case in order to enrich the researcher's knowledge of the organisational environment. Documentary data have the advantage of covering long spans of time which illustrate the events and/or the communications that took place in the past. As Yin (1994: 82) notes, however, it is important to remember that documents were written for a specific purpose and to address people other than the researcher and the objectives of the study. Taking that into account, we accept that documentary evidence reflects a communication between groups of people in order to achieve other objectives. Hence, greater emphasis was given to observation and interviews, justifiably, as observation and

interviews are considered the main research tools of the social science field investigator (McGrath, 1964).

As multiple methods and data sets were employed, it can be said that a degree of data triangulation was achieved. In Denzin's (1970) view, however, multiple approaches and data sets are assumed to be consistent rather than complementary. Brannen (1992) adds that the idea that combining data sets ensures the validity of the data is naive and is often encountered by positivists. The problem of integration then stands, as long as data generate differing explanations. In this study, though, multiple sources and methods should be understood in relation to the purposes they are used. The research problem requires multiple data sources which, although they may converge, are used to provide complementary answers.

#### 5.4.1 Interviewing

Multi-session (based on the type of questions), semi-structured interviews were used in order to retain a degree of structure and direction during the interview. At the same time, the technique was flexible enough to allow the respondents to make their own contributions. At the beginning of each interview, each respondent was given a form to fill in related to their demographic. The interview length varied from 45 minutes to 3½ hours depending on the respondent. A total of 33 interviews were conducted with a range of respondents (a complete list is provided in Appendix 2). While the occupational group of hotel managers remained the focal group of the study, additional informants were selected as the research progressed, drawn, not necessarily from the hotel units, but from the wider tourism industry. This purposive selection of actors (Hemmington, 1999) was adopted in an effort to elicit additional facts and triangulate the information given by the hotel managers.

The interviews were tape-recorded in all but one case; that respondent felt uncomfortable having the conversation recorded, so the researcher kept handwritten notes. The interview schedule consisted of open-ended questions (Appendix 3). The ice-breaking section included questions about the duties and responsibilities of the respondent and an enquiry about the history of the organisation; questions that all

the respondents could answer with ease, making them feel more comfortable during the interview. The positioning of these questions in the ice-breaking session does not make them peripheral to the study; they were critical in providing the context of the hotel managers' activity and to pave the way for later prompts. Running the interview was a much more complex process; the open-ended questions were mainly used as initiators of discussion topics. In this sense, the researcher allowed considerable freedom to the respondents to initiate new topics of conversation. Often the discussion was content-specific; the researcher would then prompt or ask questions in order to allow comparisons with other cases. This was an intensive process and required a long preparation, in addition to constant updating of field notes and content-specific questions.

The interview process was influenced by the interpretivist tradition (Schutz, 1973; Silverman, 1970; Spender, 1980, 1989), assuming that the subjects of the study create and attach their own meanings to the world around them and to the behaviour they manifest in that world. Therefore, having decomposed the managers' contribution to strategy as their response to uncertainty, which is observed at different levels of analysis, it is accepted that it can be understood through the subjects' own accounts. Also, given that the focus of this study is an occupational group, it is assumed that its members are collectively shape their reality through their social interactions. In other words, the subjects' reality is socially constructed (Berger and Luckmann, 1967; Blumer, 1969; Garfinkel, 1967), and in this study it is reflected in taken-for-granted, common stocks of knowledge, to which the researcher needs to gain access.

All interviews, however, can be argued as being 'reality constructing, meaning making' occasions (Holstein and Gubrium, 1995). According to Holstein and Gubrium (1995), the researcher has to access the narrative resources of the subjects, referred to by the authors as 'stocks of knowledge'. The authors stress that the subject/respondent should not be seen as a vessel of answers, otherwise the interview becomes epistemologically passive, not engaged in the production of knowledge. The social interactionist approach itself does not operate in a passive manner; access to the vessel of answers does. This causes the researcher to act as a

pupil, rather as a coach leading the interview based on predefined questions. They also add:

‘Although the interest in the content of answers persists, it is primarily in how and what the subject/respondent, in collaboration with an equally active interviewer, produces and conveys about the subject/respondent’s experience under the interpretive circumstances at hand’ p.9.

Treating the interview as active allows the interviewer to encourage the respondent to shift positions in the interview, so as to explore alternate perspectives and stocks of knowledge. The interviewer has to suggest both the topics of interest and appropriate ways of addressing the topics. Moreover, it is important that the researcher is sensitive to context. One way to achieve that is using background knowledge to assist respondents to explore and describe their actions and circumstances. Citing shared experience is often a useful way of providing concrete referents on which inquiries and answers can focus. Within the S-a-P field, Balogun et al (2003: 201) also argue that it is necessary to ensure engagement of the participants and, in order to do so, it is important to anchor the majority of questions on organisational realities. The researcher achieved that by asking content-specific questions that were updated during the fieldwork, providing a means of comparison across the cases.

#### 5.4.2 The observation

The observation aimed to examine naturally occurring events/actions and provide a fine-grained analysis of how the hotel managers contribute to the strategy of their firms. The collaborating organisations allowed access to the researcher to shadow the hotel managers of the sample and record their everyday activities. The observation period was limited to two days, taking into account time constraints and to allow an acceptable level of accessibility to the subjects of the study. The length of the observation period in previous studies has varied from one day (Mintzberg, 1994) to one week of continuous observation (Jauncey, 2000) or longitudinal sample observation (Samra-Fredericks, 2003). In terms of statistical validity,

though, Martinko and Gardner (1990) suggest that an average length of 3 days would be sufficient to produce valid results.

The observation was designed to capture several dimensions of managerial work, namely duration of activities, time span, recurrence, initiation of activities, other actors involved and the location where the activity takes place; dimensions previously explored by exemplars in the field (Mintzberg, 1973; Martinko and Gardner, 1990; Hales, 2001; Stewart, 1976). As seen in Appendix 4, the observation procedure involved recording discreet behavioural events, which were classified according to the times at which they began and concluded, the form of initiation, the location where the activity took place and the managerial event code. At the same time, field notes were kept during the whole observation period.

According to Snow and Thomas (1994), direct or participant observation is considered to be the most uncontrollable form of enquiry. McCall and Simmons (1969: 1) note:

‘observation... refers to a characteristic blend or combination of techniques and methods... it involves direct observation of relevant events, some amount of social interaction in the field with the subjects of the study, some collection of documents... and open-endedness in the directions the study can take. Because of this rather omnibus quality... it has not lent itself to the standardisation of procedure that social scientists have come to expect of their methods, as in testing, survey and laboratory work. Profound questions of reliability, validity and generality of the results have thus been raised.’

In general, observation demands a very close relationship with the phenomenon under study. One problem related to this method is the research subjects’ ‘reactivity’ (Bryman, 1988); that is the subjects’ reaction to the presence of the researcher, which can distort the data collection, as the subjects may try to portray a different image than they would naturally show. On this issue, the researcher made efforts to explain to the research subjects the process of the observation in advance, and the fact that interaction with the researcher or disruption of their work activity would be minimal. The subjects were also assured that private or confidential issues

do not have to be discussed in the presence of the researcher-observer. Emphasising the unobtrusiveness of the method, whilst downplaying the researcher's effect on the managers' work, gave the subjects perceived 'slack' to set the subject-researcher rules of interaction themselves. Hence, the managers chosen for the sample felt they could continue their activities uninterrupted, and did so. Using this method meant that the problem of reactivity was minimised, as the managers did what they were accustomed to doing.

#### **5.4.3 Additional data**

Multiple source secondary data were collected, including industry statistics and reports (official and from the related trade press). Although no systematic statistical analysis was conducted, it served to substantiate the facts when compared with the respondents' interpretive accounts. During the ongoing process of the fieldwork, the collection of that secondary data was of considerable value in terms of conveying the credibility of the research. While the researcher had experience in this industry, the up to date analysis of secondary data permitted reflection on the researchers' own experiences, and helped to build rapport with the respondents. Documentary data related to the cases of the sample were also collected, giving the researcher a broader picture of organisational processes, and included memos, forecasts, financial reports and contracts. The relatively homogeneous sample also spurred the idea of collecting demographic data from the managers (Appendix 6) but, due to their small number, the analysis did not bring about any valuable results.

### **5.5 Preparation for the fieldwork and getting access**

Prior to the main fieldwork, a pilot study was conducted in order to test the research methods, which included different types of questions and interviewing techniques (unstructured interviewing, for instance, was tested in early pilot interviews). The sample for the pilot study was not theoretically derived; instead, it was selected on the basis of convenience and accessibility, in order to allow the researcher to test the data collection methods within an acceptable time frame and elicit a sufficient amount of data for preliminary analysis.



Sample selection through official catalogues may not be the most advisable option. Hotels featured in the tour operators' catalogues may be marketed around the range in which the tour operators would like them to be portrayed, not on merit. Official lists by the GNTO may also not take into account certain facets of the hotel and accredit it with a non-representative category rating. It was common to find 2\* category hotels marketed as 3\* or hotels with a mixed category (where a part of the hotel unit is at a higher standard than the rest). During the first contact, a hotel GM noted: 'we may be listed as a 3\* category hotel but actually we are a purebred 4\* hotel'; this was not recognised officially, because hotels are not only graded on facilities offered, but also on other preconditions, such as room size. Therefore an initial discussion was necessary in order to resolve such issues from the start.

Initial contacts were usually made a few days prior to the research, because the GMs work schedule is irregular and the short period between the first contact and the fieldwork was meant to eliminate this problem. This approach was permitted from the wide sample frame in most cases. Exceptions were some unique cases where the researcher had to choose from a very small number or only had a single option. Contacts with the gatekeepers within the hotel firms (the GM or the owner) were made on weekly basis, usually at the beginning of the week so that the research could commence from Wednesday-Monday. Tuesdays could not be included in the fieldwork, as the GMs (or DGMs) typically visit the travel agents (T.As) and/or the tour operators (T.Os) they work with to collect payments and request info about the bookings status. Despite the long length of the fieldwork (four months), it was necessary to try to conduct most of the fieldwork during the mid-low seasons, because it would be too difficult to gain access in the high season due to the extra workload. The mid-low seasons were also preferable because the researcher was more likely to receive complimentary accommodation-subsidy offers.

Secretaries or receptionists were usually the first point of contact; however, they were avoided whenever possible, as they were very protective of their superiors' work schedule. It can be said that they act as filter for avoiding unwanted communication with certain people. It was necessary to ask for the key people by

name, which required previous preparation from the researcher, usually through informal sources. The researcher introduced himself by stressing his relationship with an academic institution and the confidential and non-commercial nature of the study. The next step was to make the research sound unthreatening and simple. The words: 'I am investigating the work of hotel managers and how they make decisions' were simple enough and understandable by the respondents. The researcher then went on to explain the methods used in the investigation, without attempting to buffer the real scope of the research. This was necessary, as it was better to identify unwilling research subjects during the initial contact and not after the fieldwork had commenced. Some managers seemed to exaggerate the extent of the secrecy of their work and were particularly suspicious about the method of observation, stating that they did not want to reveal their professional secrets and that their professional or personal life is not anybody else's business. It was also essential to be able to approach both managers and business owners and gain their consent. Business owners may have thought that the researcher was going to infiltrate their business affairs, whereas managers (and it was evident with some) might be secretive concerning their work activities.

## **5.6 Data analysis**

Open coding is used for the analysis of the interview material, in order to identify emergent themes by pulling together real examples from the text. The analytical procedure entailed several steps: the identification of themes and categories in each interview transcript and their labelling; the integration of those themes and categories; changing the arrangement of the data by case to arrangement by labels; eliciting constructs and identifying the themes that emerge from the analysis.

The constructs mentioned above are derived from the common understanding or stock of knowledge of the respondents. According to Schutz (1967), a construct describes the process of understanding the conduct of others and can be seen as a process of typifications, whereby the actor applies interpretive constructs similar to 'ideal types' to apprehend the meaning of what people do. Meaning is dependent upon reflexivity, is attached to actions retrospectively and, according to Schutz,

only the already experienced is meaningful. Schutz acknowledged that the stock of knowledge used by people to typify the actions of others and understand the world around them varies from context to context. In this respect, the validity of the constructs is assured only if seen within their local context.

Another analysis involved the drawing of role expectations out of the interview material. This was based on Dahrendorf's (1968) typology of role expectations, but language limitations that stem from the translation from Greek to English made the author's suggestions largely unusable. As an alternative, a second analysis of the transcripts (analysis of the interviews directly from the tapes) was conducted. Although the second analysis gave better results, it was deemed insufficient to give an exploratory account of the managers' contribution to strategy (Section 3.4).

The observation material was codified into managerial activities, time spent on activities, form of initiation and purpose of contact. The study places an emphasis on time spent and the frequency of the variables above in a manner typical to other ethnographic studies. For comparative reasons, the analysis did not go to great lengths, as this was not necessary to reflect the findings of previous studies in the field.

The statistical data collected primarily included tourist arrivals, occupancy rates and population of hotel units distinguished in four regional segments. These can be related respectively to access-demand, organisational performance and growth-development of the sector. The researcher hoped to use a multivariate analysis and examine the magnitude of the variables over time. In the process of collecting data, I realised that information from certain years was lost and non-retrievable and that the further back in time the data was referring to, the less detailed it became. Therefore, a systematic statistical analysis was not possible; however, it does serve as descriptive facts that substantiate the respondents' interpretive accounts.

## 5.7 Issues of validity and reliability

Issues of validity and reliability pertaining to this study are as follows: the lack of standardisation in interviews may raise concerns about reliability; however, it was not a key concern because the interviews were organic, developing new themes, allowing cross-case comparisons through the course of the fieldwork, and were centred around some loosely set questions, thus giving the opportunity to the respondents to raise themes of their own. While similarity of responses was not actively pursued in the main section of interview, it was a different matter for the following, more structured types of questions that aimed to elicit additional data sets.

The collection of observational data, on the other hand, has the inherent problem of generalisability (external validity). It typically entails rich, in-depth accounts of managerial work but the sheer size of the data collection burden restricts this method to small samples. Noordegraaf and Stewart (2000: 432) contend that:

‘reliability is increased by reliability checks, coding methodology and large samples; validity is increased by empirically based, in-depth understanding of real world phenomena. One of the continuing strengths of managerial behaviour research has been its concern with qualitative research, because of its empirical, inductive focus and its attempt to avoid mainstream management conceptualisations. An explicit attempt to bring managerial behaviour research back in line with mainstream management research would counteract with its original intent. Qualitative, inductive, observational and thus less reliable research is not an inferior kind of research, it is a different kind.’

Certainly the pursuit of (internal) validity has to compromise generalisability (external validity). Internal validity requires in-depth observation, which can be ideally attained through small samples, which limit the possibilities for statistical generalisation. The same applies to interviews; however, they do allow analytical generalisation. According to Yin (1994: 30-31):

‘statistical generalisation simply cannot be used as a method for generalising the results of the case. This is because cases are not sampling units and should not be chosen as such... In this respect, multiple cases should be regarded as multiple experiments. The method of generalisation then is analytic generalisation in which already developed theory is used as a template to compare the results of the case study’

The use of multiple sources of evidence in the study is one way to tackle issues of validity. As noted earlier, though, their use was not intended for triangulation. The data are, of course, dependent on the researcher’s interpretation compromising the validity of the results. On this issue, the 3-phase data collection helped the researcher to confirm his observations with the respondents. Similar benefits were gained by allowing the respondents to review the executive summary. Language issues can also affect the translation from transcripts kept in Greek and records and analysis kept in English. For this purpose, the consistency of translating was tested with cross-checking. A second transcriber was given a sample, which was later compared with the researcher’s original. The consistency was deemed satisfactory, as translation inconsistencies were minimal.

In the analysis of the data, a pattern-matching logic was followed (the comparison of an empirically based pattern with a predicted pattern), something that is considered a common practice that strengthens internal validity (Trochim, 1989). The pursuit of theory triangulation in the discussion chapter can also be seen as enhancing internal validity. The degree of external validity (generalisation) on the other hand is limited. As was argued early in the thesis, strategy formation is context-specific and one cannot expect to generalise unproblematically across contexts. The results apply mainly to the occupational group of hotel managers within the local hotel sector in Crete. The remedy for this issue, the replication logic in Yin’s (1994) terminology, was employed in terms of selecting a diverse sample of hotel firms (theoretical sampling).

## 5.8 Sampling

The sample consisted of nine independent hotels from the island of Crete. Crete represents a typical Greek tourist destination, being one of the most touristically developed areas in the country. In the 1996 audit by the Greek Chamber of Hotels (GCH), Crete was shown to have 1,300 hotel units, 20% of total hotel units in Greece; consequently, the island is heavily dependent on tourism. Even other significant regional sectors such as agriculture, commerce, transportation, construction and services are strongly related to tourism (Andriotis, 2000; Tzouvelekas and Mattas, 1995). In this study, the selection of the cases from a single island is an attempt to frame the analysis within specific institutional settings and make the relationship among managerial practice, the organisation and the wider context more evident.

All nine hotels had to be independent, to ensure that there is no corporate structure and they are not publicly owned. Although they can be part of a hotel chain, it is important that they are privately owned. This choice is deliberate; as independent hotels, the sample did not have the complex structures of larger corporations. Independent hotels, due to their smaller size, are characterised by simple organic structures and a management style anchored in the behaviour of the leader (Dandridge, 1979; Mintzberg, 1983). Because of these characteristics, person-centred governance structures based on high-trust may be more important in small firms than in larger corporations (Dubini and Aldrich, 1991; Perrow, 1993). Larger organisations (i.e. large hotel chains) have more complex dynamics, with multiple actors and various degrees of centralisation around the corporate structure. In that instance, the role and involvement of the managers of the hotel units would be too difficult to identify. In the selected sample, the focus was on the more simple relationship between hotel managers and the business owners and other organisational actors.

The choice of independent hotels is also based on previous discussion in the literature review (Section 4.2). Unitary organisations are characterised by the centralisation of power on one, or a few organisational actors. Such organisational environments allow the managers' output at the organisational level to surface,

simplifying the identification of links between managerial activity and strategic outcomes. Independent hotels are considered to be unitarist organisations; firstly because of their nature as SMEs, and secondly because Greek firms display characteristics of unitarist environments (Bourantas et al, 1990; Cummings and Schmidt, 1972). Thus, they permit the assumption that power is centralised on one or a few individuals within the firm.

Given the time constraints and the fact that the study is exploratory in nature, it was deemed appropriate to conduct theoretical sampling (Glaser and Strauss, 1967; Strauss, 1987) rather than use a sample offering statistical representativeness. Therefore, some important variables are taken into account in order to determine the sample frame. The cases are selected in a way that allows contrasting results but, at the same time, permit predictions of the reasons or causes of this variance (a theoretical replication). This helped the extraction of common themes that reflect strategy making in this hotel sector.

The selected cases fall into the categories of 3\* and 4\*, hotels according to international standards. The accommodation capacity of these types of hotel represents a large proportion of the total accommodation offered on the island, having a 27% and 20% share respectively. This criterion also has a practical purpose. By law, 2\* hotels and above must have a manager accredited with a degree in hospitality. Therefore, the sample retains homogeneity on the characteristics of the hotel managers, who are seen as members of an occupational group. On the other hand, the classification of the hotels in these two categories implies certain differences in the hotels' infrastructure, facilities and amenities; therefore, the hotel product and its pricing would be variable, as would the target market of the hotel businesses.

Since it is possible to encounter owner-managed hotels in the sector, the sample incorporated cases with this type of management. In the management literature, owners are usually seen as entrepreneurs and not as professional managers. That is because owners have access to resources and legitimations, which enable them to take decisions unavailable to professional managers. In addition, owners do not face the same entry and exit barriers in the industry as professional managers; however,

our criteria for the selected cases suggest that there should be a professional manager in each hotel. Owners-managers should belong to the particular occupational group and share, to a degree, the same norms as professional managers do, although their purpose and interests may not be the same.

The study also looked at two types of hotels: resort and city hotels. Resort hotels represent the vast majority on the island, whereas city hotels are a minority of the total population. These two types of hotels have distinct modes of operation. Their differences lie in the location (urban vs coastal areas) and the seasonality of their operation. City hotels are affected by the local calendar and events as well as the business activity in the area. On the other hand, resort hotels work during the summer season, which is extended by the tourist demand and usually runs from March till October. For the rest of the year, the industry goes into a state of hibernation, making tourism infrastructure redundant for that period. The phenomenon of seasonality itself is the result of the attachment of business activity to the model of mass tourism.

The attachment to the model of mass tourism has a number of other implications, such as the continuing decrease in the average tourist expenditure and the increased dependence from tour operators. Also, the overdevelopment of some regions does not help them differentiate. The state attempted to mediate this phenomenon and expand the tourist season by promoting the dispersal of the tourist activity in other, less developed areas; however, tourist activity remains largely concentrated in several rather overdeveloped areas in the country (Papanikos, 2001). Papanikos also notes that differences can be seen within the same region. This led to another distinction in the sample. In Crete, tourist activity is concentrated on the north part of the island mainly because the north coast is the only access route for tourists, as the airport and the main harbours are located there. For these reasons, the south coast has not attracted much investment, both in terms of infrastructure and hospitality services.

One last case is chosen as a polar example of a resort hotel, which operates within the same institutional settings but does not share the same links with the competition in the industry. This case is represented by a hotel which specialises in



a niche market and is not bound to the same power relationships as a typical resort hotel.

Therefore the composition of the sample is as follows: a total of nine hotels divided into four sets of 3\* and 4\* hotels, plus one polar example. The composition of the sample is illustrated in the table below:

Table 2: Sampling criteria

<b>Sampling criteria</b>	<b>Base examples</b>	<b>Geographical location</b>	<b>Type of operation</b>	<b>Type of management</b>	<b>Polar example</b>
	Resort hotels from north Crete	Resort hotels from south Crete	City hotels with ongoing operation	Owner – managed hotels	Hotel operating in a niche market
<b>Hotel category</b>					
3*	Case A	Case C	Case E	Case G	
4*	Case B	Case D	Case F	Case H	Case I

The first set is a base example of resort hotels on the north coast, while the next is two hotels from the south coast. Their main difference is that they operate in areas with major gaps in terms of tourism infrastructure. Another set of city hotels is added, which are distinguished by their ongoing operation throughout the year and their location in prime cities. Two more resorts are chosen that are being managed by their owners and not by salaried managers. One last polar example is taken, which is subject to different rules of operation due to its detachment from the mainstream tourist markets. These cases are deemed to be representative of the independent hotel sector and the selection of additional cases would have been excessive; or as Eisenhardt (1989) had noted, a researcher can stop adding cases until incremental learning becomes marginal.

## 5.9 The cases of the study

### *Case A: The 3\* resort hotel*

A typical resort hotel built in the early 1980s, in the 2<sup>nd</sup> era of the Greek tourism industry. As such, it faced financial difficulties because of high inflation and interest rates during that period. It has, however, increased its capacity from 50 rooms when it was first built to 160 rooms in the present day. In the 3<sup>rd</sup> era of Greek tourism, the 1990s, it gradually became marginalised; a result of the stagnant demand and the ever increasing accommodation offer. In this situation, the management does not intend to increase the hotel's capacity any further.

One advantage the hotel possesses is its location. While not located within a major tourist centre, it is within very close proximity to the airport. Its market has remained largely unchanged over the years. Since its inception, it has concentrated on the German market. This persistence in identifying its market helped it build a reputation in the market, as well as maintain a long-running relationship with its partners (the suppliers). In 2003, however, the hotel underwent a significant change, shifting its operation to all-inclusive, which entails not only changes in its operation but also affects its positioning in the market. While this was previously seen as a 'risky move', it received support from the suppliers of the hotel, which prompted it to change.

### *Case B: The 4\* resort hotel*

This 4\* resort hotel has a central market position. Like all 4\* hotels, it has an advantage over the similarly priced, but significantly less rich, 3\* hotel products. As a typical 4\* hotel, it has a higher capacity, which is necessitated by its need to sustain the revenue sources from its departments; however, its size and complexity of operation do not necessarily entail equally higher staffing levels, as they benefit from economies of scale. As a result, it can even match the prices of 3\* hotels when it comes to competing for sales. This hotel, however, enjoys particularly high demand because of its location within a major tourist centre and its award winning level of service. The management describes it as 'one of the healthiest businesses in

the city', displaying profit growth every year, as well as a very low labour turnover rate.

It first opened in 1991 with 100 rooms and 200 beds, but gradually expanded, and reached 154 rooms and 300 beds in the present day. Unlike other hotels in the region, it targets multiple markets, although the majority of the sales are made in the German market. The management wishes to keep it this way and plans to expand the hotel in the near future.

#### *Case C: The 3\* South resort hotel*

The 3\* resort hotel in the south axis of the island was built in the early 1980s in a region which was undeveloped at that time. As the owners contended, it was the first hotel in the region, and also the first to bring organised tourism to the region by working with the major suppliers. Today the region, while not a tourist centre, has become a popular resort which enjoys a much higher demand than in the past.

This 3\* resort hotel has become marginalised over the years, however, not only because of its size and category standard but primarily because of its location. Being located far from the main access points of the island, it does not enjoy high demand from the suppliers or the consumers. The issue here is the time/distance from the main access points, which entails a greater logistical burden for the suppliers and an unwelcome feature for the consumers. As a result, it has become difficult for the hotel to maintain long-term partnerships with its suppliers, who tend to seek more desirable hotel products.

#### *Case D: The 4\* South resort hotel*

This 4\* hotel is a high capacity hotel (700 beds) located in the south axis of the island. Built in 1980, it has become a trademark within its region, which itself is characterised by a low concentration of hotel units. Like the 3\* south resort, this hotel has a disadvantage compared to hotels in the north axis of the island because of its time/distance from the main access points.

The hotel approaches a wide range of markets, although the German and the English market have the highest share. In 1991, it underwent a gradual renovation which changed its positioning in the market. Now it primarily targets families, a choice supported by the renewal of the hotel and its new facilities. This differentiation is necessary, according to the management, in order to avoid competing for the same share of the market in the region, which is unavoidably smaller than the market of a resort in the north axis of the island.

#### *Case E: The 3\* City hotel*

One of the first hotels to be created in the metropolitan city of Heraklion; in a typical manner, the hotel gradually increased its capacity and, since 1971, it operates at full capacity (73 rooms with 135 beds). In 2001, it underwent a radical renovation, which allowed the targeting of a more upmarket clientele.

The positioning of the hotel in the market has changed dramatically over the years. In its early years, and until the late 1980s, it operated as a resort hotel, receiving customers who visit the destination for leisure purposes. The time period the average customer stayed varied from 1-2 weeks. As the population of the resort hotels gradually grew, the 3\* city hotel stopped being competitive in this market. Now it concentrates on business clients, as well as on fly&drive and roundtrip packages.

#### *Case F: The 4\* City hotel*

A medium capacity (134 rooms with 365 beds) city hotel located in the metropolitan city of Heraklion; its development is similar to the 3\* city hotel. In the early years of its operation, it worked as a resort hotel, as there were only a few players who dominated the market at that time. After the resort market opened, and its typical clientele moved to the more leisure-focused beach hotels, the nature of the 4\* city hotel changed. Now it operates more like a 'travel station', catering mostly fly&drive packages, that is individuals or groups that stay in the city for a couple of nights, then go somewhere else. Whilst this change was taking place, the

4\* city hotel developed another kind of clientele; a corporate clientele which has accounted for 30% of its sales since 1985.

*Case G: The 3\* Owner-managed hotel*

A small, owner-managed hotel located within a tourist centre; it commenced its operation in 1985 and expanded in 1996 by acquiring a neighbouring hotel, which operates as an additional section to the existing building. Being located within a tourist centre, it maintains the advantages of an increased consumer demand for the particular region, although its low category rating has marginalised it in the market. Furthermore, in 2001 the region experienced the withdrawal of a major tour operator (T.O.), and in effect, the withdrawal of a major market, the German market. To compensate for this loss of demand, the hotel now primarily targets the Greek market, taking advantage of its privileged location, which allows it to operate as 'travel station'.

*Case H: The 4\* Owner-managed hotel*

A medium sized 4\* hotel (145 rooms) located in a major tourist centre; it was built in 2001 as a spin-off venture from a previous business of its owners. It is last of the three hotel developments owned by the family. Its development, however, is not an expansion, but rather a spin-off venture of that family, who had other co-owners in the previous hotel developments.

This hotel is a more mature business development than the previous two hotels, which initially started operating with a low number of rooms and gradually expanded. This third hotel development, on the other hand, was built to its maximum capacity and specification. It targets a younger clientele from a wide range of markets, even though the majority of its sales come from the German market

*Case I: The Specialist hotel*

This polar case is unlike a typical hotel. It was built in the late 1980s, in the image of a traditional Cretan village, using materials from demolished village houses. The idea behind it was to create a laographic place to collect, maintain, and present elements of the Cretan tradition. It hosts workshops with local artists and a museum. These elements of its product offering cannot be found in other hotels, regardless their category rating and size.

The differences continue with its year-round operation, even though it is not a city hotel as such. It does target similar market segments as city hotels, though, offering primarily fly&drive and roundtrip packages. These target markets are the result of necessity rather than choice. According to the management, they would prefer to offer tailor-made laographic programmes, but they are constrained by the low average stay of their customers. Its major revenue source is not the hotel operation, however; the food and beverage department contributes greatly to the business' turnover.

## CHAPTER 6

### THE INDUSTRY BACKGROUND

#### 6.1 The history and development of the Greek tourism industry

The Greek tourism industry has developed rapidly in the last 40 years and has become an inseparable part of the Greek economy. This is clearly illustrated by the fact it contributes 8% to the GDP, whilst at the same time generating employment for 10% of the total workforce. Its subsidiary hotel sector in Greece has a clear national character and it is therefore important that it is placed in context.

Post-war Greece experienced an increasing tourist demand, supported by state promotion and a co-evolving accommodation offer. The dramatic growth of the tourist demand in Greece after the post-war era is not surprising. Greece, including all its islands, has the longest coastline in the Mediterranean, while its history and natural attractions are an invaluable asset when marketing its tourist product; however, Greece is outperformed by competitive countries such as Spain, Italy and Turkey. Its low population density relative to its coastline may provide a reason for that. The Economic Intelligence Unit's (EIU, 2003) tourism report suggests that Greece's population cannot support the scale of infrastructure that major international tourism demands.

Before the Second World War, tourist arrivals in the country accounted for only a few thousand, high spending visitors. In the 1960s, the country was becoming more and more popular, being discovered by upmarket tourists. Greece was then a strong attraction for travellers who wanted to have 'a real experience' (EIU, 2003). In later years, though, one can also notice the inclusion of other socio-economic groups (Papadopoulos and Mirza, 1985). Although tourist demand continued to grow in the following decades, expansion was spasmodic rather than smooth. The growth of tourist demand slowed down in 1964 and was probably related to the political instability and the threatened invasion of Cyprus by the Turks, which could also have involved Greece. Furthermore, the political changes of 1967 (when the era of military

dictatorship began) certainly affected tourist numbers, which experienced a decline of 12% in 1967. This internal political instability, coupled with the international economic recession and the 1974 Cyprus crisis, resulted in a reduction in visitor numbers of 32.3% in 1974 (Papadopoulos and Buckley, 1986); however, the number of tourist arrivals continued to increase for the rest of the decade. In 1975, for example, the tourism industry made up everything it had lost the previous year and had expanded by 34% by 1976. In the late 1970s, it can be noted that Greece shifted from being exclusive to become a mass tourist destination; more specifically, the GNT0 survey of foreign tourists visiting Greece for the years 1977-78 shows that Greece became a mass market for low income tourists at this time. At the time when Greece joined the European Union (EU) in 1981, mass tourism was becoming dominant.

Fluctuations of tourist demand are partly cyclical. The demand for Greece depends on the demand pattern of its immediate competitors such as Spain or Turkey. If these competitors are doing well, it can only be at Greek expense (EIU, 2003). For example, when tour operators began to have disagreements with Spain over price and, to some extent, over standards, Greece was one of the natural beneficiaries (Smith and Jenner, 1995). Historically, changes in tourist demand can be partly explained through the changes undergone in the world airline industry. In the past, when air travel was a commodity for the rich, tourism in Greece was inevitably marketed as an upmarket product. The change of the socio-economic background of the incoming tourists (in the late 1970s, as stated earlier) coincided with a big boom in air travel, accompanied by significantly lower costs. Air travel, being more accessible for lower income masses, generated a flow of tourists which the Greek tourism industry had to cope with. Given Greece's remote location from its main tourist markets, air travel has triggered demand, accounting for approximately 80% of total tourist arrivals. Charter flights are usually the only way for international tourists to fly directly to the islands, where there is limited availability of direct scheduled flights.

Greece, as a tourist destination, has some of the worst seasonal figures in the Mediterranean. In 1994, the four months from June to September accounted for 65.4 of



arrivals. The first four months of 1994 accounted for only 10.5%. According to Drakatos (1987), Greek tourism has a clear seasonal profile, in which tourist arrivals tend to concentrate in the period from May-October, reaching a peak in July. The author observed considerable differences among the seasonal patterns of particular nationalities of tourists arriving in Greece. The extension of seasonal demand has been one of the priorities of the state, which promoted alternative forms of tourism, less saturated regions and gave incentives to the various stakeholders; however, the situation does not seem to be improving. The seasonal figures for 1994 were worse than those of 1990. Part of the explanation may lie in the fact that many professionals in the industry are content with a seasonal pattern of work that ends before Christmas and does not restart before Easter (EIU, 2003). Mourdoukoutas' (1988) findings from his study of the Greek islands show that unemployment, following a period of seasonal employment, is often voluntary. Employees may prefer seasonal occupations because they pay more or because it fits with their other activities during the off-season.

## **6.2 The role of the state in the development of the tourism industry**

During the early post-war years (late 1940s to early 1950s), tourism in Greece was in an embryonic state, with limited tourism activity concentrating in tourist centres familiar before the war (Athens, Delphi, Rhodes, Corfu). During this period, the Greek state is seen to take a clear intervening role in an effort to create infrastructure facilities in these tourist centres. This was accompanied by the introduction of a short-term credit policy aimed at the renewal and modernisation of hotel units, which had suffered extensive damage during the war (Konsolas and Zacharatos, 1992).

In 1951, the Greek National Tourism Organisation (GNTO) was established as the main agency of tourism policy. From that period until 1966, the newly founded GNTO began an extensive programme of public investment on tourist facilities (hotels, motels and organised beaches) in various regions of the country. This move had two aims: firstly, the state wanted to create model tourist facilities through the GNTO in various parts of the country and become the benchmark for future private tourist development

efforts. Secondly, this investment activity was an attempt to overcome the reluctance of private investors to invest in these areas, by undertaking the cost of 'setting up' these areas. In the beginning of this period, public investment in commercial facilities covered 100% of the total public funds available for tourism. In 1966, this percentage had dropped to 27%. Despite this decrease, public investment had created a large number of tourist enterprises in various areas in the country (Konsolas and Zacharatos, 1992); however, the newly created hotel facilities were largely concentrated in three areas: Athens (52%), Corfu (12%) and Rhodes (16%).

In 1972, the state introduced the first of a series of 5-year development plans (also in 1976, 1978, 1981 and 1982). These development plans were introduced at a time when tourism was considered the solution for the development of the less developed island complexes in the country. In the past, the government promoted the development of small and medium hotel units. Now, the tourism policy was used as a means for the regional development of the country, tourist zones were introduced for the first time. The delineation and definition of these zones 'should be made in accordance with the aims of regional development of the country' as stated in the aims of the plans. The introduction of the 'tourist zones', however, was also an attempt by the state to amass stocks of publicly owned land, in which the proposed 'tourist zones' would be established. This served a dual purpose: the control of private investment activity, as well as the environmentally sound distribution of new hotels. Due to social reaction and pressures, this attempt did not succeed. Instead, a large number of small pieces of land throughout the country were passed to public ownership. For these reasons, as argued by Konsolas and Zacharatos (1992: 60), the term 'tourist zone' has no specific planning meaning. During this period, a new borrowing practice was introduced, which was abused and resulted in a large increase in investments. Normative banking criteria were abolished and were replaced under the direct and definitive authority of the GNTO. This allowed more rapid investment of capital in large tourism developments; however, as Konsolas and Zacharatos (1992) note, from the viewpoint of returns to capital, they are still problematic today.

The u-turn in the nature of state intervention is evident between these periods. In the years from 1953-1966, the state made direct investment in commercial facilities, but in the 1980s all investment activity ceased in this direction. The aim now was the creation of new tourist areas. The 1976-80 five-year plan attempted to support local ventures by giving incentives to local investors for the construction of small units. In addition, it recognised 'the need to obstruct the action of intermediaries and the tourist black economy' (Leontidou, 1991, p. 100). This period also saw the rise of new tourist poles, such as Crete and Chalkidiki, which displayed rapid growth in their tourist activity. This sudden growth was problematic in these areas, as it strained the ability of their infrastructure to support the increasing levels of tourist flow. Konsolas and Zacharatos (1992) describe it as singular dualism, where the increase of tourism facilities was not coupled with an equal increase in the available infrastructure. In 1981, the aim of the development law was to suspend further development of overcrowded and saturated tourist meccas such as Athens, Rhodes, Corfu, Crete and Chalkidiki. The year 1983 in Greece was dedicated to small businesses, 'the backbone and the organisation for economic development' (Maggina, 1992: 87). The 1983-1987 plan stressed again the problems arising from overdevelopment in some regions and aimed to both promote the small businesses in the sector and relieve already saturated regions.

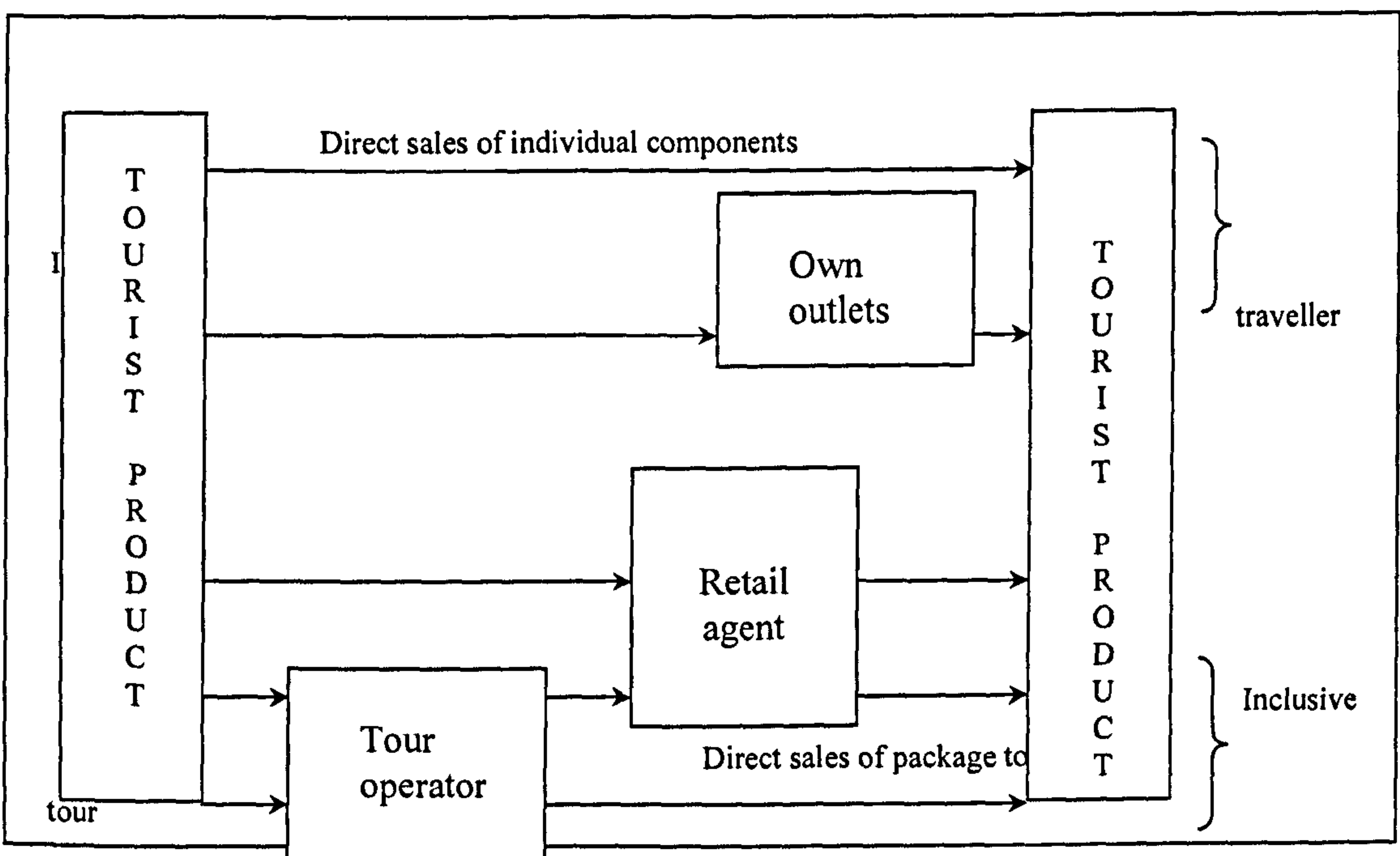
However, the tourism policy adopted by the state has not helped in dispersing tourist demand, which remains concentrated in specific regions. According to Konsolas and Zacharatos (1992), state intervention has contributed to the overdevelopment and concentration of tourist activity in these areas. The particular areas typically consist of both large and small-scale tourism centres, all of them characterised by insufficient social and environmental infrastructure. Apart from the policy problems, there are also substantial structural problems. The overdevelopment of some regions does not help them differentiate; therefore, they can no longer be seen as irreplaceable unique products and their overdevelopment makes feasible only 'high volume, low profit margin' strategies (Josephides, 1994).

In the 1990s, there was a significant shift in national tourism policy. State incentives were now used to encourage large-scale tourist investments, which were considered to offer considerable benefits: firstly, for being more labour intensive and raising job creation rates; secondly, because larger scale investments allow better control over licensed accommodation, quality standards and tax revenues, which is often difficult with small and fragmented tourism developments. New legislation was introduced in 1993 to licence all accommodation. This move aimed to hit the large black market sector, or 'parahoteleria' as it is called in Greece, and crack down on tax evasion. Even now, the new tourism policy triggers arguments among the influential stakeholders of the industry. The Association of Greek Tourist Enterprises (AGTE, 2002), for instance, expressed its concern about the difficulties encountered by the individual enterprises under the current development law. In the 1990s, the industry also benefited from the EU funded Mediterranean Integrated Programmes (MIP) and the Union Support Framework (CFS). During 1994-98, EU funding substantially increased. The Greek government offered packages of investment grants, interest rate subsidies and tax concessions. For purposes of tourist investment, Greece has been divided into four regions, named A, B, C, and D, with the level of incentives rising in alphabetical order.

### **6.3 The role of intermediaries**

In the tourism industry, intermediation comes in the form of tour operators (henceforth referred to as T.Os) and travel agents (henceforth referred to as T.As). The first act as wholesalers assembling the various components into a travel package; the latter act as retailers of the tourist product, selling tours, tickets and various travel services. The need for intermediaries stems from the difficulties customers face in buying the components of the tourist product, such as accommodation, transport and entertainment. The role of intermediaries then becomes indispensable. By nature, tour operators assist producers (i.e. hotels) by removing the burden of promotion from them, provide specialist knowledge of the tourist markets and achieve economies of scale. On the other hand, the travel agent's task is to offer travel services to the consumer. The agent receives a commission from each transaction, which can range

from 2% for sales of traveller's cheques, to around 8-10% for sales of airline tickets and hotel bookings and 30% for insurance. These commissions can increase by up to 2.5%, called 'overrides', if the travel agent exceeds the sales targets (Cooper et al, 1993). Figures quoted are for travel agents who deal with outgoing tourism. In the context of the Greek tourism industry, travel agents deal primarily with incoming tourism. They act as the local correspondents for the foreign tour operators who cannot operate their own branch at the tourist destination. Again, the travel agents receive a commission, which is a negotiable fixed fee for each traveller. Since commissions generate most of the income for the travel agent, achieving a high turnover is crucial. Travel agents can generate additional revenues by taking over the organising of tours during the travellers' stay. In a snapshot, the structure of the main distribution channels in the tourism industry is presented in the following figure:



Source: Cooper, C., Fletcher, J., Gilbert, D. and Wanhill, S. (1993) *Tourism: Principles and Practice*, London: Pitman publishing, p. 190

Figure 3: The structure of distribution channels

The above figure illustrates the main distribution channels in the tourism industry. Independent travellers can choose and draw their own itinerary. In order to do this, they have to purchase the key components of accommodation and transport directly from suppliers, via their own retail outlets, or through the travel agent. Direct purchase of travel components is more common with domestic consumers, whereas more remote consumers tend to purchase through intermediaries. As mentioned earlier, the majority of travellers who visit Greece fall into the last category.

#### **6.4 The local hotel sector**

Always dependent on travel intermediaries, Crete emerged as a traditional tourist destination within the state-controlled tourism industry of Greece. Tourism started developing there during the 1980s, and now accounts for 24.7% of total overnight stays in the country. Today, tourism is the most important financial activity in the island and its larger contributor of foreign exchange. It is estimated that approximately 40 per cent of the total population are directly or indirectly involved in tourism activities (Region of Crete, 1995).

The island predominantly offers hotel accommodation, as hotel complexes of all categories account for 78.22% of total tourist accommodation on the island, whereas furnished apartments represent a share of 21.28%. The latter does not include the category 'rooms-to-let', which is very significant, as in 2003 it represented an additional 70,000 beds or 62% of total hotel beds offered in Crete. Most of these establishments are 4\* (85%) and are located mainly in the regions of Heraklion (45%) and Chania (29%). Rethymno and Lassithi have equal shares (19% each) with regard to this type of tourist accommodation (Table 3; see also figure 4 for the location of the regions in the island).

Table 3: Allocation of accommodation units (excluding rooms to let and campsites) per prefecture (2003)

	Units (%)	Beds (%)	Rooms (%)
Chania	26	17	17
Rethymno	18	19	19
Heraklion	36	45	46
Lassithi	20	19	18

Source: Greek Chamber of Hotels (2004)

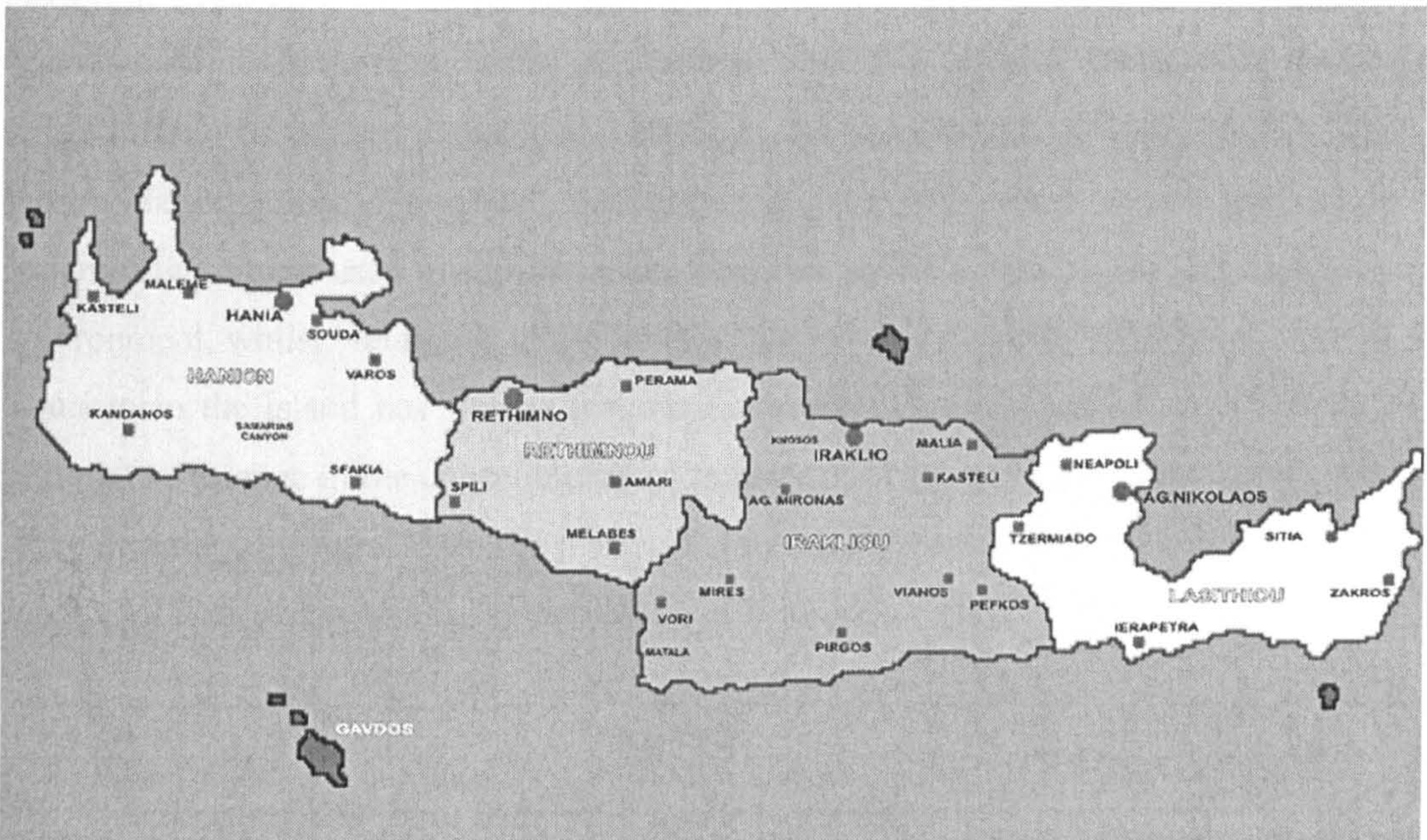


Figure 4: Map of Crete

The Greek government saw tourism as one of the most dynamic sectors of economic development in the island (Kousis, 1989). During the period 1982 to 1995, the Cretan hotel industry attracted 20% of national investments subsidised through development laws (Greek Chamber of Hotels, 1996). The growth of tourist accommodation supply in Crete in 1996 compared to 1995 was 2.2%, while the respective rate for Greece was 2.6%. However, during the period 1992-96, there was a dramatic increase of 29% in the number of beds offered in all types of accommodation establishments in Crete,

compared with an average 20% increase for Greece as a whole. This increase was particularly experienced in 1995 and was mainly due to measures taken by the Greek government through Development Law 2160, which granted the 'legitimate operation label' to all tourist accommodation establishments in the country. This was an effort to encourage owners of illegally constructed establishments, particularly self-catering accommodation, to legalise them.

According to Donatos and Zairis (1990), Crete shows a lower seasonal concentration than the rest of the Greek islands, while its seasonal pattern is quite stable. The tourist season in Crete runs from May to October, but for the main markets of Germany and Scandinavia it lasts from April to October. In low season, there is a higher concentration of luxury, rather than economy, accommodation, whereas in the high season the situation is reversed. Because of its size, the island can be seen as a 'microstate', a term used to signify isolated regions with a unique social and economic environment, whilst retaining close links to the mainland state (Wilkinson, 1989). Tourism in the island has similar features to those of the mainland state. There is a regional imbalance in the concentration of tourism activity, with more than 70 per cent of hotel units concentrated on the northern coast and approximately 45 per cent of the total hotel beds and rooms in the prefecture of Heraklion (Table 2).

## **6.5 Structural changes: Summary and implications**

The growth of the hotel sector should be seen as occurring after the 1970s, when the state ceased any further direct investment and the private sector took over. The 1970s represented an era of radical change in the source of capital investment and in the nature of incoming tourism, which gradually turned from the limited and exclusive to the model of mass tourism. The 1980s demarcated an era of corrective intervention from the state, coupled with a harsh monetary environment, but still remained a period of continuous growth. In the most recent era, from the early 1990s to present, the focus has been on control and improvement of the existing infrastructure rather than the



development of new one. It is the period when the saturation of the accommodation supply became apparent.

The hotel sector in Crete developed primarily during the 2<sup>nd</sup> tourism era. Even though it was not designated as a major tourist centre by the state from the very beginning, it has become the no.1 destination in Greece. Yet, it retains elements that make it unique, just as Wilkinson (1989) described, a 'microstate'. The type of market it attracts is distinct as is its pattern of seasonality. The fact that the hotel sector developed during the 2<sup>nd</sup> era might indicate financial problems that businesses may have carried since then. The local hotel sector is expected to be susceptible to trends and developments, as is the tourism industry. It is also expected to be even more sensitive to issues pertaining to tour operators. As an island, it is primarily accessible to tourists through air travel, making it dependent on the tour operators.

## **6.6 Key actors**

In this chapter, three key actors beyond the individual hotels and their managers have been identified: tour operators, which are integral to the structure of the industry; the Greek state, which has exerted significant influence on the development of the hotel sector through direct and indirect intervention; and the GNTO, which has a significant role in promoting the national tourism industry and creating demand for hotel units. A summary of these actors is provided below:

- *Tour operators*

Tour operators exert considerable control over the country's tourism industry because their objectives will often differ from that of individual destinations. Tour operators will be primarily concerned with their own survival and personal growth. Ashworth and Goodall (1988) point out that the tour operators' strategies have contributed to the development of 'identikit destinations' in most of the Mediterranean countries. As destinations move closer to the model of mass tourism, the more likely the influence

from tour operators will be, as well as the dependence of destinations on them. The wide choice that international travellers have nowadays makes them less dependent on or loyal to particular destinations because they offer almost identical sea, sun and sand commodities. This situation is fostered by the tour operators, as they try to develop customer loyalty to themselves rather than any of the products they are selling; however, hotel units do have a certain degree of choice, as they are not obliged to commit to only one tour operator. Their choice is limited, though, as they have to choose from an oligopolic market. Such situations are not easily reversible. Carey and Gountas (1997) suggest that mature tourist destinations cannot afford to reject mass tour operators because of the massive economic dislocation it would cause to the local and national economy.

- *The state*

The state is unable to deal with the key issues and problems of the Greek tourism industry (AGTE, 2002). The Association of Greek Tourist Enterprises (AGTE) holds the Greek state responsible for the current situation. The AGTE has maintained that, since 1991, the Greek state had neglected the tourism industry and had no responsible, modern or long-term policy for the future of the sector. Tourism planners in Greece often underestimate the power exercised by multinationals, such as the tour operators, over the local enterprises and authorities (Buhalis, 1995; Josephides, 1993). The result is the inability of the Greek tourist product to attract the desired 'high quality, high expenditure' tourists, because it is more difficult to satisfy their requirements (Conway, 1996: 41). Zacharatos (1989: 279) points out that long-term policy targets in any form are not usually quantified and the inevitable result is an implementation that is subject to irrationalities and personal judgments. The inconsistent and undifferentiated promotional campaign which is implemented annually does not aid the situation. The campaign aims to achieve the aforementioned specified targets, while it is often a 'last minute' reaction measure to a forecasted decline of bookings for the current season, rather than a coordinated, well timed, long-term marketing policy (Touloupas, 1996: 130; Papadopoulos, 1989: 304). Komilis (1993: 225) suggests that tourism planning in

Greece is characterised by the limited political support, lack of social awareness and acceptability of planning actions, inadequacy of scientific and technical foundations to support planning intervention and a centralised administrative-institutional system performing a number of functions, but failing to exercise its coordinative and enforcing role.

- *The Greek National Tourism Organisation (GNTO)*

GNTO, a state owned organisation, being simultaneously entrepreneur, coordinator, marketer, planner and researcher, is fully responsible for the Greek tourism policy. Various sources (see for example Rodakis, 2004; AGTE, 2002), however, have criticised the GNTO over the years for performing none of the aforementioned roles satisfactorily. In particular, the GNTO is criticised for being a mismanaged and bureaucratic organisation. In the past 15 years, 18 executives have been appointed, which means that no serious and stable tourism policy can be implemented. The executives are usually inexperienced and the division of personnel is unequal. For instance, from a total of 3,000 people employed by the GNTO, only 128 of them work at branches abroad or 4.3%. Comparatively, the Spanish NTO employs 595 of its people abroad or 33.6%; the same is true for 200 from the French NTO or 74% (H Kathimerini, 2003). The Greek National Tourism Organisation (GNTO) found itself downgraded in status because of its inability to play its role in shaping the future of Greek tourism. In the maze of the state's bureaucracy, AGTE points to the blurring of responsibilities between the GNTO and various ministries that are detrimental for the tourism sector (AGTE, 2002).

### 6.6.1 Implications

The above summary can be seen as a preface to the institutional context within which the hotel firms and their managers operate. The aforementioned key actors are expected to:

- a) Interact with the hotel firms and their management. Tour operators in particular, given their status as indispensable mediating organisations for the hotel firms, are the actors with whom the management would like to keep close contact with. It is also likely that the management would develop strategies allowing their hotel firm to draw from the tour operators' resources.
- b) Shape the hotel firms' context. The number and composition of the tour operators that are active on the island certainly defines the range of markets a hotel firm can approach. The Greek state has variously taken measures intervening with the development of the tourism industry in the country, and subsequently, with the local hotel sector too. The GNTO, on the other hand, has a large share of the responsibility for creating demand for the hotel units by promoting the national tourist product.

The above may be trivial common knowledge for the subjects used in this study, which might as well be considered factual. The subjects' common knowledge, as presented thematically in the findings, would build upon those 'facts' or basic knowledge, but they are likely not to be elaborated upon. The reasons behind the current situation are, however, an important building block for the reader's understanding of the context, something which may not be repeated later on, but rather reflected upon in the study.

## CHAPTER 7

### FINDINGS

#### 7.1 Introduction

In the literature review, it was argued that the managers' contribution to strategy can be seen through their response to uncertainty. Uncertainty drives organisational action, in addition to managerial activity, and works as a strategy-generating principle that defines the outputs of the managers' activity, leading to strategic outcomes. As this operationalisation of the managers' contribution includes multiple components, the extraction of relevant data requires multiple levels of inquiry, which are presented thematically in this chapter.

The findings are presented in three parts. The first part (Section 7.2) provides the first building block for understanding the managers' contribution to strategy. It looks at the managers' response to uncertainty, as constructed at the community level. The focal managers, being members of the same occupational group and situated within the same context, develop a common understanding of the issues pertaining to their firms' situation and of how they deal with them. This common knowledge is extracted from the unstructured part of the interview and is presented in 14 constructs, which refer to the managers' subjective, taken for granted knowledge, which is shared within their occupational group. The constructs are further categorised under three themes (Table 4): the nature of the environment (Section 7.2.1), management tools (Section 7.2.2), and management mechanisms (Section 7.2.3). Relating the first part of the findings to the conceptual framework previously developed (Section 4.4), it summarises the mediating role of the managers between their firm and the external environment in a way which is understood by the group of practitioners. In this first part, however, it tends to portray a primarily outward focus, describing the interaction of the actors and their firms with elements of the external environment, given that it does not concentrate on the managers' activity as such.

Table 4: Categorisation of constructs

Categorisation of constructs	Provide answers to:
<b>Theme 1</b>	What is the nature of the hotel firms' environment? What are the boundaries of their immediate environment within which the managers can act?
<b>Theme 2</b>	What are the tools the managers have access to and which they use to deal with uncertainty?
<b>Theme 3</b>	What are the mechanisms/processes that guide the managers' judgement?

The second part (Section 7.3) dwells on the managers' activity, showing how their common knowledge about dealing with uncertainty in this context becomes empirical and is reflected in their work activity patterns. It represents the ethnographic lens of this study, providing a fine-grained analysis of the managers' inputs and gives a micro-analytic account of their contribution to strategy by juxtaposing their inputs with their intended output at the organisational level. The data are presented in sections 7.3.1 and 7.3.2 in a manner consistent with previous studies on managerial work, which is complemented by further analyses aiming to establish the reciprocal causal links between what the managers do (their inputs) and what they achieve (their output). These analyses include a) the contrasting of the hotel managers' observable activity with their intended contribution to the organisation (Section 7.3.3), drawing from the managers' constructs on dealing with uncertainties in this context, and b) the analysis of the managers' annual work cycle (Section 7.3.4), in order to provide a more rounded view of the managers' inputs, which may not be readily observable.

The third part (Section 7.4) of the findings represents the organisational lens, focusing on how outcomes emerge through the interaction between the environment and the firm and the managers' mediating role in this process. It provides a more normative approach to understanding the formation of the hotel firms' strategies, and permits the cross-examination of the managers' contribution on how their output is reflected to organisational outcomes. In particular, the analysis of the data tries to simulate the organisations' responses to changes in the external environment over time, through the reflections of the hotel managers. These data are presented in two subsections: Section 7.4.1 looks into how the managers perceived and dealt

with changes in the external environment, or uncertainties that emerged as a result of the changing environment. Section 7.4.2 examines the patterns of organisational outcomes as they form over time, taking a more longitudinal approach. The results are again juxtaposed with the managers' constructs, complementing the existing results, and show the dynamism of the managers' contribution to the strategy of their firms.

The three parts of this chapter present distinct data sets, which entail a different level of inquiry, assumptions and degree of generalisation (see table 5). They are, however, complementary, as they are interlinked. The hotel managers' ability to contribute to and shape their firms' strategy is something that is ingrained in their common knowledge of dealing with their firm's uncertainties. This common knowledge is socially constructed and is therefore shared across their occupational community. Their ability to contribute and shape their firm's strategy should also become empirical and manifest in their everyday practice. Finally, a normative view of the hotel firms' adaptation to the external environment over time portrays the outcomes of the managers' efforts. Consequently, the three parts of this chapter which represent a different level of abstraction are interlinked, allowing communication across the levels of analysis.

Table 5: The levels of the inquiry

<b>Level of inquiry</b>	<b>Assumptions</b>	<b>Level of abstraction</b>	<b>Data collection technique</b>
<b>Knowledge</b>	Socially constructed, common understanding for dealing with organisational uncertainties	The occupational group	Interview
<b>Activity</b>	Observable activity which reflects the managers' work pattern and is dependent on their organisation's uncertainties	The occupational group and clusters of firms depending on their organisational specificities. Abstractions about the managers' activity are made based on the characteristics of the hotel unit	Observation Interview
<b>Outcomes</b>	Represent the hotel firms' response to changes in the external environment. The managers act as mediators between the environment-firm interaction	The hotel firms of the sample. Can be firm-dependent or firm-cluster dependent	Interview (structured)

## PART I

### 7.2 Interpreting the interviews

#### 7.2.1 Theme 1: The nature of the environment

The nature of the environment arises as a theme because the respondents often provided a rationale for their actions by referring to the nature of the business and the environment. Managerial and organisational actions need not be rational in terms of the calculative benefits/costs they might bring about. When strategy-making, they have to reflect the external influences over which the firm has no control. These influences are 'facts' as far as the situation is concerned; however, they are not self-evident, or readily obvious to outsiders. Their identification, selection and evaluation is part of the strategy-making process. During interviews, the respondents implied that their action was dictated by such 'facts'. As far as this study is concerned, it is better to view the constructs under this theme as descriptive of the context within which the community of managers is located, helping us to understand the causes of their action.

The most obvious feature of the hotel sector is its maturity. Prior to 1990, the sector was still trying to cope with demand. The demand, however, reached its peak soon after 1990, but the accommodation offer on the island kept growing. Considering the fact that the island has a finite capacity for receiving foreign travellers, it would make no sense for hotel firms to keep growing in capacity. Constructs 1&2 describe how hotel firms achieve growth, and how this is tightly linked to their nature as independent, family-owned businesses. Their growth seems to be spatially confined, because as family-owned businesses, they wish to stay within the locus of control of the family. By understanding this feature of the independent hotels, we can also understand why some units persist in growing by increasing their capacity. Business growth follows the growth of the family and, as the business cannot be handed over to family members in terms of separate facilities, it has to be achieved in terms of capacity.



The 'facts' that are pertinent to the hotel firms are contingent to their location on the competitive map, which, not surprisingly, is linked to their location on the geographical map. In construct 3, we see that the hotels' distance from access points in the island affects the desirability of their product to both suppliers and consumers. The concentration of hotel units in the area may also determine whether they will conform with or differentiate from their immediate competitors. In construct 4, we see another side effect of the hotels' surrounding morphology to their operation, namely their limits in drawing from a sufficient labour pool. Labour, a critical resource in a hotel's operation, is not readily available to all hotels. Hotels in the south axis of the island have difficulty in finding skilled labour, whereas for lower category hotels (the 3\* mentioned in the sample), it is difficult to find mid-management staff. Hotel managers respond to those issues by adopting particular practices to compensate for the disadvantages inherent to their hotel units.

### **Construct 1: Capacity increase versus facilities' improvement**

The dramatic growth of the accommodation offer in the first eras of the local tourism industry (mid-1970s and the 1980s) is not surprising when considering the immense tourist demand which could not be covered by the existing tourist accommodation infrastructure. The entrepreneurs could enter or expand their hotel business, knowing that their hotel product would sell anyway. The suppliers would give incentives to hoteliers to expand their business, provided that they would give them exclusivity over the rights of selling the hotel product. A travel agent explains:

(Agent 1) Yes, the agents were asking for more rooms, the hotelier was replying 'but I do not have – build more. How much money do you want? Here take this downpayment'. The agent was giving 20 million (GRD) lets say that time, the hotelier built the rooms and the next year the hotel was full. The neighbour was seeing what is going on and did the same. This kept going until everyone had built a hotel or had apartments. The T.O. was coming here and asked the people 'what is this building here? – a building

site – what are you going to build? – a house – why don't you build apartments? Here, take this money... as a downpayment for 2-3 years' and the T.O. deducted it from the sales. People built hotels from nothing

As much as the accommodation growth was justified in previous years, the persistence in expanding the capacity of the hotel business now seems totally irrational. The declining general demand, the saturated accommodation offer and the seasonality figures all concur to an unfavourable competitive environment. One answer is that hotels try to grow by increasing their capacity in order to cope with the demand in the high season, during which, they have greater profits. The increased competition does not allow more profit throughout the tourist season, as prices are nearly at cost level in the side seasons. When respondents were asked how expanding business capacity is a feasible option amidst unfavourable market conditions, they replied:

(Ba) These are decisions of the hoteliers. You see the feasibility studies here are almost non-existent and those that are made are superficial. The people who do such moves they think they are better than their neighbour and they will sell better...The hotelier makes such an investment hoping to improve the overall financial results. If he achieves that by having better occupancy rates during the peak period and increase the capacity to cope with the demand in that short period then he does it. Now if this has a wider impact and increases the overall offer which creates a more intense competition with its neighbours then this is a parameter which is not included in the decision; because simply if the hotelier sees that it gives returns he will go for it.

Such decisions are made, despite the fact that demand cannot increase. In most cases, profitability keeps decreasing year after year; however, the reinvestment of capital in the business has more to do with retaining the family business. These short-termist choices are an outcome of simple logistics, with little consideration of the changes and the effects on the macro-environment. Although capacity increase was the recipe during the golden era of tourism, after the mid-1990s it became the

recipe for higher category hotels only. As the tourist offer kept increasing, it marginalised 3\* or lower category hotel units:

(Bb) Since the demand is stagnant and the accommodation offer increases, the prices in the hotel market have to go lower, because it is difficult to offer a different product. 4\* hotels are in a more advantageous position than 3\* as 3\* are selected out. 4\* hotels are not saturated yet

A competing method of growth is the expansion of the facilities of the hotel unit. This is often realised through radical renovation of the infrastructure of the hotel in order to accommodate the facilities/services it could not offer in its previous form. Such moves are required in order to achieve a price increase or differentiate from the competition. In either case, pressure to offer more facilities/services is realised by the management:

(Eb) ...a renovation is needed approximately every 10 years anyway... Customers now want more facilities and conveniences as well which we could not offer with the previous infrastructure. When we upgraded the hotel's category we immediately achieved an increase in our rates of 45-50%. This means you have to offer a lot more than before.

(Da) The renovation did not start earlier although the business climate was better simply because we had not identified anything more to give to their customers... We only realised that our customers' needs started to change after 1990 as they were becoming more demanding

In the present situation, capacity increase is not nurtured by the intermediaries, but they exercise pressure to gain better facilities/services from their partnering hotels. The suppliers understand that the game is now played around the facilities/services of the hotels. As a result, while the tourist accommodation offer keeps increasing, it now increases at a slower pace.

## **Construct 2: Locally confined business activity**

Hotel owners are more likely to expand their business activity in the same area in order to keep the business well within their locus of control. Although the market conditions are no more favourable, persistence in the hospitality industry is evident across the sample. This is an indication of their idiosyncratic exit barriers. The acquisition and/or creation of additional hotel units might well fall into the same category as capacity increase, but it seems to happen for different purposes. The business development of Case H encapsulates a wide array of those factors.

In 1984, the founder created a 3\* hotel in an area close to a major tourist centre. In 1992, he joined forces with his two brothers and, having joined capital, they built a bigger and better 4\* hotel closer to the tourist centre. The reason they wanted to build a new, upgraded hotel at the beginning of the 90s was to create a better product in every aspect, as the market was becoming more demanding. They had to offer something more than the local competition. Therefore it was a rational decision aimed at maximising the company's resources. In the following four years, there were two capacity increases to the hotel. After that, the family (the founder and his brothers) each decided to pursue their own ventures. A rent-a-car business was started in 1995 by the founder's brothers which, in addition to being a move of diversification, worked in close cooperation with their hotel units. In 2001, another 4\* hotel unit was created with the founder's own capital, neighbouring the previous business. The close proximity of all these units is necessary in order to allow the owners sufficient control and monitoring, given the fact that they are actively involved in managing the business. The creation of the last hotel unit was partly because they wanted to respond to the evolving needs of their clientele and offer them the facilities and services which they could not offer with the other hotel units. There was little room for improvement in the other units and it was more reasonable to create a new one; however, this does not explain why the founder decided to expand in an industry with unfavourable market conditions.

According to the founder it is most likely that the business will expand. This might not have to do a lot with wealth, but is intended to secure his family financially, even if his children are interested in business in a sphere other than hospitality.

Therefore, the expansion of the business is related to the size of the family, where the growth of the business follows the growth of the family. The founder notes that large families cannot be occupied in a single business. That would create a variety of problems and conflicts:

There are always opportunities out there to take advantage although I do not need to do anything more, it is not a matter of wealth. It is something I will do as a father because as you can see this is a family business and if the kids want to stay in this business or are interested in something else I will be glad to give them advice and assist them

SO THE EXPANSION OF THE BUSINESS HAS TO DO WITH THE SIZE OF THE FAMILY?

It was a thought. The previous businesses were like that. We are three brothers and when we started we were single. As the time passed we had made families and the shareholders increased. Imagine all 8-10 children plus the brides and the grooms and the in-laws to participate in the same business...

The same pattern appears in the majority of the cases. What is important for independent hoteliers is to keep the business under the control of the family. As the family grows and family dynamics become more complex, one solution is to expand the business and to allocate the business capital to the family members, absorbing in this way the problems of a bigger and more complex organisation.

The cases that diverge from the recipe are usually the smaller and lower category hotels, as they lack the resources to expand. Other hotel businesses (cases A and I) do not follow the recipe just because they rely heavily on the involvement of family members. Case I, the specialist hotel, had to convert some rooms and make them suitable for winter operation. This entailed a step away from the traditional character of the rooms in order to bring them closer to the expectations of their clientele. Although this can be seen as an effort to redefine the hotel product, it would not have been possible if the family members did not participate in running the business. Each family member became occupied with the business after they had completed their other obligations. The latest addition of a family member into

the business as a full-time occupation was in 1999, a year that marked the addition of a new facility in the business, followed by conversion to year round operation in 2002.

### **Construct 3: The effects of morphology on hotels**

As shown in the sample selection, a distinction was made between hotels located in the north and south axis of the island, for the reason that the development of the regional sector varies significantly along the north and south axis, mainly because of the location of the main access points, the international airport and the harbours. For hotel managers, this matters for various reasons. The metropolitan city of Heraklion is the base for the majority of T.As and T.Os and their interaction with remote hotels is significantly constrained:

(Db) The biggest problem we have as a region is the distance from the airport. If the road network was better then it would take less than one and a half hours the bus needs to come here and it would be easier to transfer people to this part of the island. Do not forget that the agency does not bring the customers directly to the hotel unless the bus is full with our customers only, otherwise it passes by 10-15 hotels along the way and it may even take 3 hours to come here. The customers get frustrated of course and they may choose a hotel on the north coast which can be of inferior quality compared to ours

The source of this constraint is the difficulty of T.As/T.Os to have a branch in a remote location. There is either not enough geographical concentration of hotels or it is outside their locus of control. This is best illustrated by the fact that all the new markets are channelled to the metropolitan area and, when they built a greater capacity, they then go to the other resorts:

(Agent 1) When a new market is attracted to the destination, it always starts from the most well known resorts, unless the T.O. is a specialist.

(Bb) Differences in the occupancy rates cannot just be explained by the attractiveness of an area but also in the number of beds in these areas. Areas closer to the airport are always the first to fill up.

(Ba)... markets like the Israeli market and the Eastern Europe markets which have slowly moved beyond the borders of Heraklion... Also some small numbers from Arab countries, other north eastern countries; they all start from Heraklion. The latter have spread to the rest of Crete but they started from Heraklion, the first 2-3 years they were at the Heraklion area.

The new markets are typically concentrated around popular tourist centres. The suppliers want to control these new markets because they do not have the critical mass to disperse them everywhere on the island. So, the suppliers keep it concentrated in close areas purely for financial-administrative reasons because business can be coordinated better and allow the agent a larger profit margin. Another problem of the time/distance noted by the respondents is that the T.As/T.Os lose revenues from selling excursions because it's difficult to organise them. The agents do not promote such far-flung resorts because they have to deal with increased process difficulties (intermediation, limitations in organising transfer and excursions) if not increased cost:

(Agent 1) It is more difficult to organise excursions in resorts with long time/distance. The handling in this case is given to the locals (local agents) as it is not always efficient to organise transfer from the metropolitan city of Heraklion...we will more likely deter buyers/partners from selecting resorts with high time/distance but if they insist I cannot say no, but then we do it with my terms... I avoid such resorts because of the extra time required to organise the handling

From the suppliers' side, time/distance from the access points is a factor that directly affects the selection of their portfolio of hotels. Mass tourism predominantly goes to the big tourist centres in north Crete. The convenience of tourist centres is twofold; they are developed not only close to the main access points but also close to the main attractions of the island. As a result, the T.Os

programmes will not include the peripheral industry on the south axis and north axis unless there is already demand for such resorts.

As illustrated above, time/distance from the main access points affects the geographic concentration of hotel units. Access problems are mediated by the reduced number of comparable hotel units, as opposed to the north axis of the island. There seems to be a degree of system-regulated differentiation in such remote areas, which can be based on the hotels' type of operation, category or niche. It is system-regulated, since no hotel would want to compete in the same market segment with a neighbouring hotel when the demand for those remote hotels is already reduced. The T.O. also benefits from having more extensive variety in its regional programme, creating a kind of quasi-monopoly (using the unique hotel product to offer a unique variety in the area). In Case D, the hotel manages to differentiate in the area, as it is focused on the families' market and there are no other similar hotels in the region. Geographical concentration needs to be balanced, offering enough variety and size for agents to be interested, but not too crowded so that the share of the pie from the market is reduced. In contrast, hotels on the north axis tend to conform to the competition, especially in resorts located in tourist centres, as the demand is always channelled there first. Whilst it is difficult to say whether resort hotels in the north would benefit by differentiating, it can be assumed that they favour stability of conformity over the uncertainty of differentiation.

Differentiation is perhaps the only option for marginalised or lower category hotels. Although they could manage in the past by offering mainstream tourist products, they are now facing considerable pressure. In particular, lower category or marginalised hospitality establishments are those that are most affected by the saturation in the sector. Currently, 3\* hotel units are in a position where they even have to compete with 4\* hotels, given that their price difference is not great. 4\* hotels can determine price levels and lower category establishments have to follow. Taking into account that most hospitality businesses are based on sales' volumes, no one can blame the 4\* hotels for unfair competition. 4\* hotels, due to their consequent size and their ability to utilise economies of scale, have more discretion in pricing, leaving smaller hotels with a lower margin. Lower category hotels are



constrained by their cost structure, mainly because of their size, and cannot differentiate with their pricing alone anymore. Such cases are more susceptible to develop mechanisms such as changing the staff to customer ratio (e.g. through family involvement), or a change in the type of operation (e.g. club, all-inclusive), in order to avoid coming into direct competition with higher category hotels:

(Aa) This hotel, in this location, in this category, with this capacity cannot differentiate. If we try to do that we need to do a lot of effort. Others invest huge amounts of money and they offer a lot of things... Now for example someone is not obliged to go to x hotel just because it has low price because he can find a y hotel with even lower price... That is something advantageous for us because there is no other similar hotel in the area... it is the only all-inclusive in the area and if an agent has programme in Ag. Pelagia then the hotel would probably be selected.

(Hb) Now because we cannot request the contract prices we should have, we are forced to drop our prices and enter the 3\* territory... the 4\* have the capability in some periods to drop their prices and reach the prices of the 3\*. The 3\* cannot go lower because they have very narrow profit margins and although they are slightly cheaper than the 4\*, they are not as attractive as the 4\* and therefore they suffer the costs of low demand for their product.

#### **Construct 4: The local labour pool**

In the labour intensive hotel business, employees are a critical resource. Low staff turnover is always preferable, but it is not realised in the same way or to the same extent in all cases. Remote hotels in the south suffer from the low geographical concentration of tourist enterprises and are often short of a skilled labour pool. This would not be the case for hotels located within tourist centres which, by definition, are closer to access points and the metropolitan city. Lower category hotels have difficulty in covering certain posts that require proficiency or managerial duties.

Cases D, G and C illustrate the problems:

(Db) If one year we have 70 people staff the next year will come back only 30 of them, if we are lucky they will be 40 ...Ierapetra is predominantly rural and not a solely touristic area and for the locals it is a temporary solution, one way to get extra income.

YOU MEAN THERE ARE NO PROFESSIONALS IN THE REGION?

Exactly, we do not have skilled workforce and those we find we keep them by all means necessary. We are also forced during some periods such as July-August to take unskilled staff who do not have the right education to respond to the hotel's needs but we have to do it...

(Ga) ...in the last years there is abundance of workforce, especially for positions such as chambermaids, waiters, barmen etc. A business may find difficulty to recruit staff in higher positions, such as receptionists or duty managers as they prefer to work for bigger hotel units or hotel chains that offer better career prospects

Not surprisingly, the management gives emphasis to retaining staff. Most cases present a remarkably low staff turnover. It is important that the management cements a mutual commitment with the staff. In resort hotels, business is seasonal and the staff are hired for the duration of the tourist season (6-8 months). This is a necessary management practice which contents both staff and the trade union. The management has to make sure that the staff know whether they are going to be hired again the following season or not (see more on Section 7.6), though, and ensure their regular employment during the tourist season. It is common for employees in the hotel sector to work continuously during the tourist season without a holiday and take a long 'holiday' during the winter. Low occupancies may force the management to give more days off to the staff, which is not desirable and may affect their morale:

(Aa) ... The personnel is affected because the low occupancy in April last year made people come here once, then leave, come only for a Saturday and then leave or do half shift. This affects the personnel's psychology... here in Crete more or less everyone has some agricultural fortune and they can occupy themselves there, they receive their unemployment benefits and they are fine...

For the management, this entails a heightened awareness of accountability towards the staff. In order to avoid a high staff turnover, managers whom inevitably draw from a limited labour pool give incentives to their staff to compensate for the disadvantages inherent to their hotel (in terms of category and location). In case G, for instance, the management provides long term stability for its staff (the average tenure of the staff is nearly 10 years according to the OM), and that is in addition to other perks (i.e. accommodation) that are used to compensate for the limited career prospects a job in the hotel offers.

### 7.2.2 Theme 2: Management tools

The nature of the business and the environment restricts the managers in terms of what they can do to drive the firm forward. Their main goal, however, is simple: to maintain and/or improve the firm's performance by operating the hotel at maximum capacity, selling the rooms at the highest possible price. Management tools refer to the means at their disposal for achieving that goal. Those means are not exclusive to individual managers, but are shared among professionals within the sector. As the detailed constructs show, they are often the result of the ongoing process of institutionalisation, which renders those management tools effective or simply applicable in the context of the hotel business.

Keeping the hotel full becomes increasingly difficult given the maturity of the sector and the stagnant tourist demand. This is the management's focus, especially when some hotel firms need to achieve high sales volumes in order to survive. The erratic demand throughout the tourist season complicates the situation even further and becomes the hotel firms' main source of uncertainty (Construct 5). Another feature of hotel firms in the sector is their growing distance from their markets. As hotel firms do not have the capability to reach their markets on their own, they have to rely on T.As/T.Os (the suppliers), which allow the hotels to use their resources (i.e. promotion, distribution channels) for that purpose. This growing distance is also portrayed in their more introverted focus regarding their promotional activities (Construct 6). One can assume that management would aim at those markets that

generate the most profit for the business as an objective means to improve the firm's performance; however, this has proved to be not always the case. As long as circumstances allow, the management would not aim to achieve profit maximisation per se, but to reduce operational complexity by selecting markets that are more compatible with the hotel's capabilities (Construct 7). It is therefore a question of balancing the financial needs with the operational wants.

Similarly, the management would choose the hotel's suppliers (Construct 8) based on their capacity to fill the hotel, but would always be constrained by its available options. Hotels will engage into a relationship with the suppliers, made explicit through a formal contract. The process of contracting (Construct 9) is a year-to-year practice, where the hotels review, renew, revise, or break their contracts with the suppliers. In other words, it is the main means to transact with their partnering suppliers; however, as noted by the respondents, a contract serves only to display a degree of commitment to the partnership; it is never followed to its full extent (permitted by clauses in the contract that allow both the supplier and the hotel not to mutually commit their resources beforehand but simply to display their intention to do so). In this respect, a contract does not represent a business transaction but rather serves as leverage to secure resources from either side. This explains certain phenomena that cannot be understood through rational transaction cost logic. A low contract performance, for instance, should affect the degree of commitment a hotel shows to the partnership by lowering the number of rooms it allocates to the supplier in the contract. This simply does not happen in the real world, as the management seeks to maintain continuity in its relationship with the supplier, in the prospect of future returns. This practice inevitably creates uncertainties in the hotels' operation. The management responds by absorbing those uncertainties through overbooking their hotels' room capacity and transferring the impact to their peripheral suppliers (see Construct 8).

Being the last link of the value chain, within a fragmented sector, reliant upon a few mediating organisations (the suppliers), and distanced from their markets, hotel firms operate within a sparse information environment, which can be easily manipulated by their suppliers to serve their own purposes. Managers deal with this issue by embedding network interaction within their routines (Construct 10). The

'Tuesday tour' is a characteristic example of how the hotel managers persist in some of their routines for no objective reason other than to engage in network interaction, to approach external agents and grasp opportunities unavailable to them within the confined space of their hotel business. In terms of forecasting the demand for their product, hotels are found in the same unprivileged position. To counteract this problem, the management gives emphasis to intrinsic indicators to forecast demand and assess business performance (Construct 11). This method works because of the cyclical nature of demand, as well as the history of collaboration between hotel and supplier, which implies a degree of continuity in terms of future results and of the suppliers' commitment to the partnership.

### **Construct 5: Dealing with erratic demand**

Erratic demand represents the main source of uncertainty for the management. Demand typically peaks in the middle months of the high season and becomes significantly lower during the side seasons. In this environment, managers have to maintain a full hotel in order to cover the fixed costs of the business and, at the same time, prevent their prices from dropping to dangerous levels (below cost). The pressure on the management is further intensified by the phenomenon of seasonality, whereby the tourist season tends to shrink over time. In this environment, dealing with erratic demand becomes a critical part of the managers' attention.

Pricing is the management's main tool for mediating the effects of erratic demand. Typically, there are three pricing zones over the tourist season, low, mid and high. A common practice among the hotels is to give slightly different pricing zones for each market, as their demand characteristics vary:

(Hb) The high season is fixed. That is August and 15 days in July and 5 days in September. This is de facto. The thing is how you take it. Some take it till 5 of September while others take it till the 25<sup>th</sup> of September. In Germany for example the kids' vacation is till 25<sup>th</sup> of August. They do not have any other vacation till October and the German T.O. has difficulty to

sell especially with high price... in Italy it is a period that can hold more but they do not do anything further to that...

Regulation of sales' volumes cannot be achieved through pricing alone, however, and emphasis is increasingly given to shorter term pricing practices. As most respondents quoted, erratic demand is counterbalanced by giving special offers. The majority of hotel industry business is based on sales volumes, and as a result, it is typical to give a special offer for certain periods during the season when bookings are deemed low. Special offers are unlikely to be given in the high season, as the number of bookings, and consequently, contract performance improves:

(Gb) We avoid doing it but it is the agency that will contact us and request a special offer. The agent, though, has to support his request; he cannot just call and say 'give me a special offer'. The agent sees what is the potential of the special offer and accordingly decides for making that request or not.

(Agent 2) There is a sensitive point: when a T.O. has a problem my aim is to help him; meaning that I will try to help either through an offer, or a lower commission...

Cases that do not give special offers are city or luxury hotels. For city hotels, a special offer is unlikely to affect overall demand for their product, while luxury hotels prefer to retain a uniform pricing policy, as they have a higher margin and they do not rely on sales volumes alone. The respondents variously noted that one reason they do not go ahead giving special offers is that it would create another set of expectations from the agents, who will start requesting more special offers:

(Ia) Anyway, we never give special offers, not even this year when we had terrible gaps in June... if you start giving special offers then you will have to do it again because the agents will say 'you gave a special offer in June, give one in July as well'. If you do it you are looking for trouble because you provoke them to use their usual tactics on you but if you remain quiet then at least they do not have such requests. Imagine having to give special offers in every small crisis.

It is also possible to include early booking terms in the contract. That is, a discount over the contract rate when bookings are made before a predetermined date. This way hotel management gives incentives to its customers to book early and reduces the uncertainty of not knowing the bookings' status in advance. This does not work for the city hotels as they cannot rely on sales volumes like the resort hotels:

(Fb) The early bookings do not work, forget it. It is not a resort here, it does not have early bookings. What sort of early bookings can they make? For 2 days?... when a hotelier is involved with many agents to get very small shares from each one, he does not care about such small things. If they get in a brochure, every page of the brochure implies a lot of money for the T.O., which may be 10,000 euro per page...it needs customers volumes to do early bookings

In the low season, however, no pricing measure can be enough to fill the hotel. It is therefore preferable to make sales to groups in the side seasons to achieve the sales volumes that could not be achieved through pricing alone. The pursuit of group bookings starts from the winter period:

(Ab) HOW DO YOU 'PUSH' YOUR SALES ON THE SIDE SEASONS?

Only through special offers, there is no other way... or take a group in the hotel which will boost the occupancy... we all know that our occupancy on the side seasons would be much lower than the high season and you always know that you can get groups, without having the booking position lists or anything; without having any information because it is taken for granted

### **Construct 6: Tourism exhibitions vs. in-house promotion**

Participation in tourism exhibitions has always served the management in networking the hotel with the international travel industry. Certain tourism exhibitions have more global character than others, such as the World Travel Market in the UK and the Berlin Tourism Exhibition in Germany. Whilst other organised exhibitions help hotels and travel agencies to get in touch with a

particular ethnic market, it is these two that give the pulse of the market. For professionals in the hotel industry, such international meetings allow them to 'see and be seen' whilst getting first hand experience of the current trends and the market status.

As the character of the international tourism exhibitions changed through the eras of the tourism industry, the participation/attendance of hotel managers decreased. In the past, they were mainly used as a channel for making direct sales. Nowadays, they place more faith on in-house promotion or promotion at the services level. Since they cannot affect the market climate and, given low customer loyalty (hotel and destination loyalty have decreased; the market now is more price elastic), they adopted a more introverted stance. According to many respondents, the only way to improve their position is by maintaining a steady clientele, which is translated as a high percentage of repeat customers. This way they can ensure cooperation from their local and foreign partners far more effectively than by 'getting the pulse' of the market in international tourism exhibitions.

The manager in case D explains that they participate in international tourism exhibitions themselves, and in smaller ones they commission their partners to represent them. He does not find any tangible returns from participating in tourism exhibitions other than networking:

(Db) ...For example, in Russia we work with one agency which participates in the tourism exhibition in Moscow. The same thing happens with the big ones too such as Neckermann. It is not like it used to be in the past, where we used to take the initiative ourselves and go to the tourism exhibitions. These days are over. There is no benefit for us anymore to participate in a tourism exhibition, it is advertising for nothing.

**SO YOU DO NOT DO IT UNLESS THERE ARE TANGIBLE RETURNS**

Yes, that is normal. In the past, I mean from 1982 till 1990, we used to go there ourselves. We booked stands in 10 exhibitions in Germany, Austria and Holland, we were driving a van all over Europe and we went to all these exhibitions. That time of course things were different. The customers used to go there and make bookings. Once I remember we received around 100



reservations in one exhibition alone; we had group bookings. Now everyone tries to find where is the cheapest and go there

It therefore seems that the impetus for participating in past exhibitions was the newness of the hotel product and the need to make contacts in the industry. According to the manager, they now have a stable range of partners and do not need to make any new contacts. Moreover, there is little for them to gain, as they do not make any direct sales in international exhibitions nowadays. Now it is their clientele that supports them. That is why they try to promote the sales with their own efforts and prove to their suppliers that they are an accountable partner:

(Ca) The only thing we can do is to keep our guests happy in order to make them come back and demand next year a place in our hotel. When the agents see that the customers love what we offer only then we can get some privileges and/or protection from them.

(Db) one of our strongest advantages is the level of repeat guests, which accounts for 25% from each market. These are the customers we offer as a gift to the suppliers.

On the contrary, case B does not favour one type over the other. The management participates in no less than four international tourism exhibitions every year. Whenever possible, after the exhibitions, he visits the headquarters of the T.Os in order to strengthen the hotel's relationship with all their subdivisions such as the groups' department and the reservations department, so if they need them, they are able to contact them directly. The management was also proud to issue information about their recent international awards and perhaps that explains the reason they have acquired such access:

(Bb) It is important to have a direct communication channel with the T.Os... if we want to increase the release period of the allotment or something like that ... we had the chance to gain substantial feedback from those who sell our product...Now we have a database of agencies which is around 1600 agencies right now with whom we try to maintain some contact.

In Case B, emphasis is given to in-house promotion as well. According to the manager, they prefer to promote their hotel mainly at the services level, which can be done only via long-term efforts, and not at a price level. This way they avoid short-term measures such as special offers, in which case the customers are not concerned with the services anyway. Cases E, G and I do not participate in international exhibitions but they should not be considered as misfits. The specificity of their organisational capabilities makes such actions either inefficient or improbable. In case G, the owner/manager finds it difficult to attend international exhibitions because the hotel firm cannot afford to participate with its own stand and the whole effort cannot be cost effective. The manager in case E finds it impossible to attend international exhibitions because he cannot afford to leave his post at the hotel. The nature of the business in this city hotel does not allow any slack resources for such promotion. Here, the manager cannot be absent or replaced by another member of staff. The workload is continuous and such promotional activities are effectively prohibited.

### **Construct 7: Selectivity of markets**

The respondents often noted that priority is given to selected markets, but not necessarily because of their contribution to the hotel's profitability. Their choice was the outcome of their efforts to ensure the compatibility of organisational capabilities to the characteristics of the markets. It is not uncommon to find hotels working predominantly with the British market as 'the British typically spend more during their vacation', the German market 'working with Germans is problem-free', or French 'because the hotel product appeals more to the French'. The choice of markets was severely restrained in the last decade, however, as the accommodation offer became saturated, whilst market demand stopped growing. In more recent times, the management has had to make compromises and sacrifice efficiency over profit by selecting less compatible markets:

(Gb) The markets we work with are the English, German, Dutch, some Italians and French. This season we work mostly with the English and secondly the French... This year proved particularly good for the English

market... we are open to any partnership though. We will not say no if anyone approaches us

(Ga) If we have the chance we would prefer certain markets, e.g. the English as they generate more revenues for the hotel

(Ab) It would be better, of course, if we could have a German market instead of Czech or a Polish... On the other hand how can you reject a market? Especially if they give you a good price...

(Eb) I avoid fly&drive packages because they are one night stay only and they are trouble... If we take them, we receive complaints because we do not have enough parking space... Roundtrip packages are another issue; they are groups doing one night stay. It is usually 10-20 people for a night. We have no problems with these bookings and they are always welcome

Besides the issue of organisational and market compatibility, markets are also used as tools to mediate the effects of erratic demand. The pattern of cyclical demand differs from market to market and this can be used by the management to cover the gaps throughout the tourist season or reduce the organisational workload:

(Ba) Sometimes we choose the T.O. or better the markets the T.O. deals with knowing that the period when a market is up, another one is down. For example in July the French market is up whereas the German market is falling and we try to complement the gaps of one market with another, making sure that they will not clash in their peak season.

(Db) The good thing about working with different markets is that you do not have much discontinuity in the reservations, because they have different flight dates and you do not have, lets say, only 2-3 days a week when you have arrivals, you have every day. If, for instance, you had arrivals only on Monday, Friday and Saturday, these three days you would have a lot of trouble and the other days your occupancy would drop. So, if you had a problem, that problem would be during these three days but since you have every day arrivals-departures you do not have these variations in occupancy. The worse thing is to be overbooked one day and the other day to be empty but if you play with many different markets you do not have that problem...

I know that they sell better during some periods and I manipulate them in a way so that they cover each other.

### **Construct 8: Choice of partners**

Hotels have to rely on their suppliers to reach their markets, they need to establish partnerships allowing them to use part of the suppliers' resources which would be unavailable to them otherwise. Therefore, the management has to make choices regarding the portfolio of the hotel's partners (suppliers). The first observation is that the hotels' portfolio of suppliers is almost fixed, as the contracting is based on the previous contracts with the hotels. The number of suppliers for a typical hotel usually varies from 7 to 15. A pattern emerges from the cases, as the majority have 1-3 main suppliers covering the majority of their room capacity and use the smaller or peripheral suppliers to cover the gaps.

The main suppliers are most likely to be big players in the industry (big T.O.s). Those T.Os have the advantage of being able to channel large numbers of customers to resorts, whereas the smaller concerns have limited capabilities. Big T.Os are also considered more reliable in terms of their financial obligations, while this constitutes a chronic problem for the smaller. On the other hand, smaller T.O.s have access to more niches than the bigger, who typically deal with mass tourism. The big operators may offer reliability and sales volumes, but they also get significantly lower contract rates compared to the smaller. Despite these shortcomings, the management tends to prefer doing business with the big players in the industry. Unfortunately, the oligopolic status quo does not allow hotels to select them all. It is not common to see hotels working with more than one big player in the industry, as the T.Os prefer to split the pie and get exclusivity from their associated hotels.

(Bb) The benefits from our core partners are the occupancy rates they ensure us or else the sales, plus a good cooperation, meaning that we receive at least our money on time. Usually the big T.Os do not delay their payments in contrast with the smaller ones. Moreover you know that you

have a reliable counterpart if it is a big organisation and therefore the risk you take is smaller. I am saying this because when you work with smaller T.Os or agencies there is some risk which is analogue to the anonymity of the agency. When an agency goes bankrupt, despite the bankruptcy law, there is very little chance to get your money back.

Retention, rather than selection of partners, is the rule for hotels located in remote areas. In the south and other remote areas, the management has to choose from a limited array of suppliers (Cases D and G). Such locations, far from the established tourist centres, do not appeal to T.Os, and are often not selected for their programmes. Thus, location affects the access to suppliers and consequently the markets. In the north, lower category hotels do have a wider array of suppliers to select but so do the suppliers. The excessive accommodation offer of lower category tourist establishments allows the suppliers to find 'whatever they want, whenever they want'. For this reason, lower category hotels often do not have the luxury of selecting their partners.

(Db) It is important, though, to retain our existing partners as they are difficult to replace. Not everyone is interested in an isolated resort like us... It is not enough for the T.O. to find 2-3 hotels; they need another 3-4 hotels to make a programme in that region. They cannot make a programme for one or two hotels only... If they abort their programme they will not start it again easily... because they work with some local agencies and if the hotels stop working with them they will stop working with the local agencies and you approach them two years later then they will have to organise the whole thing again from the start...

As noted earlier, hotels can have a limited number of main suppliers because of their small finite number. Often it is not possible to have more than one big supplier for each market because of the tendency of the T.Os to demand exclusivity:

(Bb) Selection of partners is generally not unrestricted. T.Os often request exclusivity in a market... In our case with our selected market and our size, they are pushing you to have only one T.O.; unless it is a smaller peripheral

T.O., for example a T.O. in the French or the Hungarian market that are small, we do not have any problems. Problems occur when trying to do the same in the German market, the English lately, the Dutch and the Belgian. Basically these pressures are exercised by the big T.Os like TUI including all its branches and Thomas Cook with all its branches. For example the Belgian TUI, the JetAir, seeks exclusivity in the hotels it works with; Neckermann the same

The big suppliers may cover the hotels' room capacity (in a contract) but this does not mean they will sell the rooms too. Contract performance varies from season to season, reaching its peak during the 'hot' summer months: mid-July till mid-September. The side seasons then prove problematic for hotels, which try to cover the gaps through multi-market, multi-agent contracting. This is how they achieve balance; by having a large supply of customers from the more reliable big players and an incremental but discontinuous supply from smaller. The problem of room allocation is not just about performance alone. As some respondents explain, it is simply too difficult to manage small suppliers. The miniscule sales quantities they can provide, 'a hotel cannot fill with 10-room contracts', and often the reliability problems are overwhelming. From the small suppliers' point of view, it is imperative to be able to offer a wide array of hotel products just like the big players but because of their size they cannot sell large numbers. As a consequence, their contracts are necessarily small.

The pattern in the composition of the hotels' suppliers, as described earlier, starts to make sense, not only from the aspect of constraints (limited number of big suppliers, exclusivity requests), but also from the 'pull' of the cyclical tourist demand. The management wants to be able to accommodate the hotel's main suppliers by allocating the optimum number of rooms likely to sell. The management also knows that contracts are not binding and contract performance drops in the side seasons. This is where the need for multi-market, multi-agent contracting is developed. As stated by the respondents, relying solely on the big T.Os is not efficient and counting on the smaller is not reliable. That is why such patterns are less likely to emerge. Case H is a characteristic example; it started with a focus on a single market, the Germans, and in the process the management

decided that it is more efficient to work with multiple markets and suppliers. The initial narrow focus was justified by the newness of the hotel product:

(Case Ha) You must have alternatives, because there are periods where the agency has the 80-90% of the occupancy in the hotel and periods where it has the 40-50% of the occupancy. There you need to have alternatives and cover the gaps so that you will not lose any days. Bear in mind that some of these days may be in the high season and lose a lot of money

Most of the respondents also expressed their willingness to work with any supplier that will approach them. Their receptiveness to new partnerships is explained by the fact that their suppliers are 'recyclable'; a short or small partnership, even though it is not very profitable, may be repeated in the future. The management may not have great expectations regarding the performance of new partners, as this can only be known in time, but they hold expectations on the suppliers' long-term prospects. A smaller T.A./T.O. may grow, be merged with or acquired by a bigger supplier. Such developments are expected to enhance the relationship by giving the hotels greater access to distribution channels:

(Ha) ... always be good with the T.As/T.Os because they are few and recyclable. You can never know their future prospects; they may be merged or acquire another one and gain more power. In that case you would want a good relationship with that corporate group.

(Eb) I never worked with TUI, I could not attract them; I was making them offers, I had contact with them but they were not interested and I do not know the reason. It happened to work with 2 French agencies, one of which was the Nouvelles Frontieres with which we had an excellent partnership. After Nouvelles Frontieres was acquired by TUI, I am working with TUI as well because of my relation with the Nouvelles Frontieres

### **Construct 9: Contracting**

Contracting is an institutionalised, year-to-year practice that allows hotels to establish a formal partnership with their suppliers, being necessitated by their need to reach their markets through mediating organisations. The contracts, however, are mostly a renewal of the contracts of the previous year, usually because the management expects no increase in the contract rates. As a rule of thumb, the best deal they can claim is a rate increase at the level of inflation; that is, if no improvements are made to the hotel product. According to the respondents:

(Hb) You know our simplest demand is to raise our prices at the level of the inflation. Most of the times they do not even give it to you. They usually give you one more euro but they request an extra offer or facility/service, if you do not accept they find something else... and we come back to the fact that everything is a matter of demand. If the demand is high, the hotel is full and you get paid, when it does not go well you do not get paid. Price is not as important as to fill up the hotel. If a room is left empty because you gave a price 2 euro more than the previous year, lets say 30 while last year it was 28, and the customers go to the neighbouring hotel which is full and I have an empty room.

(Agent 2) I cannot accept a 3\* that has not upgraded its category, has not done any improvements in the hotel, to demand price increase. A 1-2% increase is understandable, a 3% is understandable but when they ask 10% it is inexplicable and there is no way I can accept that. If I see that they persist, I will either make the contract, keep it and not promote it or I will tell them 'I am sorry but we cannot continue our cooperation'.

Maintaining their position then becomes more important. Ensuring good terms for the next season will give good starting point for the negotiations for the season after. It is common knowledge to avoid going backwards in their contracts, even after a bad season. In such cases, it is preferable to counteroffer something at the services level without affecting their pricing.



What the hotel managers take for granted is that the (typical allotment) contracts have virtual rather than actual value and the fact that they have allocated a number of rooms to T.As/T.Os does not mean that it will be covered throughout the season. That is why allocating more rooms than the hotel's actual capacity (overalloting) is a common practice in the industry:

(Db) ... the contract is only a paper, it does not have much power. You may give in the contract 200 rooms and actually sell 20. You are not covered by the contract... We give more than 40% of our actual capacity.

(Ba) ...you sign a contract by word of honour. A T.O. will not guarantee a certain occupancy level.

(Agent 3) Contracts are not followed strictly. They may be fulfilled partially, more or less, depending on the situation. Things have changed... we do not have to follow the contracts strictly... there is no need for the T.Os to make long-term commitments as this 'does not make their life easier'

The game is played on the basis of expectations. The management can hugely overbook the hotel's room capacity, expecting low contract performance from the partnering suppliers, and manage to fill up the hotel through multiple contracts. Overbooking serves both sides; suppliers do accept big contracts and do not have to know if the hotel is overbooked. They primarily aim to acquire commitment of resources from hotels. This is needed because T.As need to have a wide portfolio of cooperating hotels to present to their foreign partners, the T.Os. By gaining access to more hotel rooms than they can handle throughout the season, they benefit from having the allowance to cover that capacity in the high season:

(Ga) ...T.As make very high overbookings as well. They have a huge portfolio of hotels and they can make an unlimited number of contracts with hotels provided that those are allotment contracts and not guarantee. They count that next year tourist activity may improve and they want to create a considerable sales margin for them.

Contract performance should normally affect the number of rooms the hotels allocate. The purpose is to put pressure on their counterparts by expressing less commitment to the partnership. Despite the hotels' chronic overbooking, which generates uncertainty for the management, this issue is not dealt with by reducing the number of allocated rooms in underperforming contracts. This reflects the power game between the hotel and its suppliers. Since the suppliers have ample choice in selecting their partnering hotels, the hotel management has to ensure their long-term commitment to the partnership. By maintaining the number of allotted rooms over time, the management aims to secure a formal commitment from their suppliers, which even if it does not realise, it maintains the status of the partnership, paving the path for future returns.

#### **Construct 10: The embeddedness of network interaction in managerial routines**

Network interaction is necessitated by the sparse information environment within which hotel management works. Professionals in the hotel sector can only guess their competitor's prices and promotional activities; for non-contractual deals (i.e. groups) they can only wait to be approached by the suppliers, and the background of the smaller suppliers is anything but transparent. Managers in the hotel sector need to have an extensive network of external sources in order to know what is going on in the marketplace. As a respondent puts it:

(Bb) Things like who has given a special offer, the current price levels, we come to know these things although there is not any official authority that distributes the information such as the situation in the market. There are some articles in the newspapers supposedly of tourism research but they are based on the same sources. They will ask someone from the industry who will give the same information. They do not even publish the stats on a weekly or monthly basis; imagine that they have not published the last year's stats yet.

The respondents frequently cited the importance of the Tuesday tour for that purpose. The Tuesday tour has become an institutionalised managerial routine. The initial purpose of the Tuesday tour was to clear outstanding invoices at the end of each week following the customer turnover, which varies from 1-2 weeks. Through the passing of time, this managerial routine should have had become obsolete because of the improved integrity of banking and communication channels; however, in the majority, hotel managers persist in performing this routine, not for the payments alone but also for various other reasons. For example, they want to inquire about the status of the bookings, to meet their partners and colleagues, to receive information they could not obtain otherwise, 'to see and be seen'. Being there also enhances the opportunities to be given priority over other hotel units in terms of promotion.

What is observed across the sample is that cases with greater time/distance from the metropolitan city of the island have ceased performing the Tuesday tour or perform this routine on less frequent basis. More specifically, this is observed in cases B, G, C and D. The management in case B has partially changed its practice and performs the Tuesday tour regularly, though less frequently. Interestingly, this task is rotated between the GM and the DGM; they rotate in order to maintain their personal contact with the suppliers;

(Db) This is not something we do on a regular basis... It is usually Tuesday because Tuesday is the payments day but we have aborted this practice as the money are transferred directly to our bank account...

(Ba) The Tuesday tour in some cases has kept its traditional form, especially when dealing with smaller agencies... of course the money are not paid from the moment the customers arrive; so we still have to chase the agencies and ask for our money. Except the payments someone should try and find what is going on in the market, if there are any customers, any groups

(Bb) Payments were the major reason we went there in the past, now it is more 'to see and to be seen'. That is for the big T.As/T.Os, the smaller ones are another story and there you have to push in order to get paid... We have a stable pattern though, approximately every 3 weeks.

On the contrary, the managers of hotels on the north axis firmly persist in performing the Tuesday tour. The relationship with their partners is sustained through contacts, which are translated as the Tuesday tour. The GM in case A notes that: ‘... what counts is the interpersonal relationships I have with the agents through those visits’. Although this routine is now less about payments, the traditional form of contact has carried on. Some respondents emphasise that the Tuesday tour allows them to have direct contact with certain people and establish communication channels for further requests and enquiries:

(Hb) The purpose of the Tuesday tour is not just to sort out the payments, these can be arranged through the post. You go there to talk to some people, to hear the recent news, to see if you need to do something, if there is any problem, or if the agent needs some help or you need the agent’s help. The payment is an excuse...

(Db) Either way, some issues cannot be discussed anytime. If your hotel does not sell well you need to arrange appointment to talk about it because the agent will devote some time for you and you will need to find a solution but the contact is always there. Do not think that the contact is always measured by the number of bigshots you know, it is also the simple employees who make the reservations

### **Construct 11: Emphasis on intrinsic indicators**

Many of the decisions the hotel managers make concern the pricing, the allocation of rooms and the various promotional offers; however, they are unable to forecast the general demand for the hotel and therefore cannot make their decisions on that basis. Contract performance is a better indicator of forecasting. The cyclical pattern of demand is taken into account, coupled with the suppliers’ performance over time. Given the fact that booking times have shortened drastically in the last decade, managers have to estimate the hotel’s performance based on intrinsic indicators:

(Hb) I cannot predict the future demand for the hotel, I always judge based on the current conditions. The fact that there will be high demand in August is quite indefinite, although everyone knows that if you do not keep your hotel full you can never be sure. You can only estimate on averages but you cannot predict... you can never be sure with the bookings made very close to the release period

(Aa) I have to go back and see the performance of the contracts of a specific agent for the past years... I cannot compare it with the neighbouring hotel, because they have other variables there. I want to see the sales predisposition of my product

(Db) ... when you start with a new supplier you do not know how it is going to work... You can estimate based on its cooperation with another hotel but that is not very reliable.

(Ca) I believe it will not work out very well if I go to another T.A. with whom I have not worked in the past because I do not know them and they do not know me. Other agents may have more solid cooperation with other hotels and so on

A precondition for estimates of contract performance is to have established a long-standing partnership with a supplier. The application of this type of projection technique is broadly applied across the cases of the sample:

(Db) We cannot estimate the agencies' performance during the tourist season. We can only rely on last years' data and expect the same sales pattern. In which periods, which agencies work better. This is made possible only if we maintain long-term partnerships.

Contract performance, even in light of a new partnership with a supplier, should not be compared with other hotels. As the circumstances of each hotel firm vary, so will their performance, which makes such comparisons only indicative and unreliable. A decrease in tourism demand is the same to everyone, however, meaning that, in the long term, the hotel's performance will balance with the industry's standards. It is uncommon to have significant deviations from the industry standards:

(Db) If another hotel at the same category goes better or worse it does not matter because we are different. The other hotel may be better and I may not be able to compare. You may be able to compare another hotel with the same standards as yours but that is unlikely to happen. Usually we talk about our occupancy rates but that is not always right... However, a decrease in tourism demand is the same to everyone

YOU MEAN IT IS NOT POSSIBLE FOR YOUR NEIGHBOUR TO DO WELL AND YOU WILL NOT

Exactly. It may happen for one year, two the most, you or the other not to work very well compared to the industry standards but in the long term you should be balanced. If something happens it will affect everyone, some less and some others more but it is sure that will be affected.

(Hb) ... myself I will deal with an issue or a situation with my own way and my competitor with another way, we are not the same. Myself I may have 5 billion (GRD) in the bank, idle, and I may not be interested so much in the hotel's operation while the other one may have a debt 5 billion and his policy will be related to his needs, we are not the same because we are not under the same standards. You cannot always say this is my course of action because every case is different and you have to examine it differently

### 7.2.3 Theme 3: Management mechanisms

Management mechanisms describe the causes or processes of the managers' actions and choices. They provide a rationale behind the use of management tools, which may occasionally seem irrational. The management's favouritism towards the main suppliers of the hotel (identified as those which have been allocated the highest number of hotel rooms), for example, is rationalised as a necessary tactic to maintain their symbiotic relationship (Construct 12). Given that the power of the hotels over their suppliers has been diminished, as a hotel product is not valuable or irreplaceable in the eyes of the supplier, the managers try to sustain the symbiotic element in the relationship by buffering the supplier's own operational uncertainties and establishing a history of collaboration between them that can be used to

leverage the hotel's bargaining power. In doing so, the managers may have to sacrifice their leverage over peripheral suppliers in order to promote their relationship with their core suppliers.

Managers within the occupational community are aware of those mechanisms, based on which, they hold expectations about the outcomes of their actions. The institutionalised practice of contracting, for instance, is not expected to bear fruit but rather serves as a formal binding of each side's commitments (Construct 13). Expectations, however, are also likely to be used to justify inaction. Construct 14 shows that, despite the saturated accommodation offer, the hotel products remain largely undifferentiated. In addition, they have developed overlapping niche widths, whereby hotels in the periphery of the market (lower category hotels and/or located on the south axis of the island) have become marginalised, suffering from low demand. Such hotels are more likely to relocate their niche width (or range) and position themselves in a less crowded market segment. Such actions, however, remain the last resort for the management, taken after all other remedial tactics have been used. This remedial character is better understood on the basis that such actions have to be sanctioned by the hotels' suppliers, and marginalised hotels already have a fragile supply network, which they prefer to leave undisturbed.

### **Construct 12: Maintaining the symbiotic relationship**

The relationship between hotels and their suppliers is symbiotic, in terms of having to rely on one another to achieve their goals. The T.As/T.Os need to have a portfolio of hotels and a number of available hotel rooms to channel their customers, whereas the hotels have always relied on those suppliers to reach their markets. Given the fragmented nature of the hotel sector, however, the bargaining power of the hotels over the suppliers is limited. As the industry structure changed over time, the hotels' bargaining power became almost nominal and the management's effort to maintain the symbiotic relationship with the suppliers is more than apparent:

(Ba) The terms of collaboration have changed because our negotiating power was  $x$  and now has dropped to  $x/10$  while theirs used to be  $y$  and now is 10 times  $y$

(Ca) the suppliers hold 'both the cake and the knife', this is the reality. The hotels cannot exercise any pressure and inevitably depend on them.

The management therefore try to build interdependence between the hotel and its suppliers, even if the hotel offering on its own is not unique or unsubstitutable. In construct 9, we saw that the symbiotic relationship is exemplified through the practice of contracting. Contracting may be a formal agreement between the hotel and the supplier, denoting the extent to which each party can draw resources from the other, but it is not a committing agreement. As seen in construct 9, contracts have only virtual and no actual value for the management, with the contractual agreement fulfilled only partially. To deal with this uncertainty, the management resorts to overalloting the hotel's rooms to the suppliers. This practice helps the management to deal with erratic demand and low sales in the side seasons. Inevitably, the hotel is overbooked during some periods of the tourist season (typically in the high season) and, in that case, some of their suppliers need to take their customers elsewhere. To avoid this additional processual burden and a possible degradation of their image, the suppliers request the help of the hotels to accept the customers' reservations. The management use this rare occasion of being in a position of power to secure the commitment of the suppliers by responding to their requests.

As the practice of overalloting is common to all the hotels and, as the high season is the period when all the suppliers request all their allotted rooms, the management has to select which ones to serve. The management makes its choices by prioritising the hotel's suppliers. An underperforming, unreliable T.A./T.O. would be at the bottom of a hotel manager's priority list, whereas more stable T.As/T.Os would be accommodated when the need arose. This is the basic recipe used by most hotels in the sample:

(Ia) We give priority to our old partners who renew their contracts with confidence, without necessarily getting better occupancy rates or bigger



contracts... Since they have sold our product in the past, it is beneficial for them to continue our partnership. Provided that they do not have any complaints from the customers and the hotel responds to their customers' needs, they do not have any reason to stop the contract. They have already established a clientele with the hotel they worked with for so many years...

(Aa) ...we do not want to create problems to the big and stable suppliers because in August they will request more rooms and they expect to make more profit that period. If you do not accommodate them during that period, they might create problems for you in the future. That is why we are careful on where we give priority

(Ga) a T.A. may cover 3-4 rooms from the contract since April and would want to send 15 rooms in July-August, and request overallotment on top of that. This is something all the T.As do but we cannot accommodate all them; if we do not accommodate them then we are 'bad' because they will say 'we asked you a favour and you did not help us. The only thing we can do is give priority to those that have supported us in the past.

The hotel managers prefer to treat their interaction with the suppliers as an interpersonal relationship, something that allows them to capitalise on the symbiotic relationship. By treating the transactions with the suppliers as personal favours among colleagues, they can induce cooperative behaviour from their counterparts:

(Hb) WHAT KIND OF FAVOURS ARE WE TALKING ABOUT?

A special offer when he has empty seats on the flights, a request, anything... various favours from time to time because their disadvantage is that they have prepaid their flight seats and they rely on sales' volumes just like us

(Db) the Arion hotel had suffered serious damages from the flood and they sent us 80 customers. In that case we accommodated them just because we wanted to help a fellow hotel

DOES THIS MEAN YOU DID NOT TAKE ADVANTAGE OF IT?

No, because we see them as partners and we gave them the same price we give to others. We did not take advantage of it because if we do that one day we may need help ourselves and we would want them to do the same for

us... they work with the same T.A. as we do... The assistance was therefore both to the hotel and the T.A. and both of them appreciate that.

(Agent 2) Overbookings do have an impact on the agency but I try to do anything not to lose the booking because of that. The extent of how well you will manage it mainly depends from the cooperation with the hotels. Lets not fool ourselves, a hotel can take a reservation even if it is overbooked, provided that there is a good relationship

### **Construct 13: Commitments**

We saw that contractual agreements do not necessarily entail commitment from either the hotel or its suppliers. Commitment lies mostly at the domain of expectations (Construct 12), and is used by the management to maintain the symbiotic relationship with their firm's suppliers; however, it is not only the management that plays with the extent to which it displays the hotel firm's commitment to the partnership with its suppliers, but the suppliers as well.

The main suppliers of the hotel (Construct 8), being big players in the industry, have the capacity to generate more sales for the hotel. In exchange, they are given priority when it comes to allocating rooms in the high season. What the big players do is negotiate their commitment to the partnership in exchange for favours that absorb their uncertainty during the high season. The peripheral suppliers may have a disadvantage in terms of acquiring resources from their partnering hotels, but they also play with how they will fulfil their financial commitments. The respondents have often noted a long delay for clearing outstanding accounts with some suppliers, sometimes taking over a year. This should be linked with the evolution of the travel industry and decreased demand: As foreign T.Os fail to reach their financial targets or cover their costs, which are mainly from overheads from chartering flights, they leave the local correspondents exposed and, in turn, this impacts on the hotels. From the hotels' side, the management displays a considerable degree of tolerance, because it tends to rationalise such situations as inevitable:

offer, combined with the strong destination awareness, left ample freedom to new entrants in the industry to locate themselves in the market. Whilst the monetary crisis during the second era did not help business development, destination awareness remained strong. What had changed was the structuring of the market, which was slowly finding its balance, with clear market segments in which hotel businesses could locate their niche width (or range). The third and most contemporary era is characterised by an excessive accommodation offer, which inevitably resulted in overlapping niche widths among hospitality businesses. Moreover, the third era was marked by some major developments: the consolidation in the international travel industry, which affected the number and composition of their suppliers; the appearance of new distribution channels through the increasing use of the internet by travellers; the dramatic conflation of bookings and travel; and the change of the travel preferences of the consumers, which resulted in a loss of loyalty to any specific hotel or destination product.

Within this context of increased competition and a saturated market, hotels have to deal predominantly with liquidity problems whilst the overlapping niche widths give rise to increased demands from the otherwise undifferentiated hotel products. According to the respondents, in order to make something that counts 'you need to create something very big and impressive to be able to negotiate better terms'. Such actions are inhibited due to the liquidity issues typically faced by hotel businesses. For hotel businesses that become marginalised, it is far easier to relocate their niche range towards the less crowded market periphery. This also allows them to regain access to distribution channels (Section 7.4.2: Portfolio of partners) unavailable in their previous market location. The hotel manager of the 4\* south resort hotel explains:

(Db)... just from the rumour of turning to all-inclusive, we were approached by several agencies. If you have a reputation in the market then you are sought after. I am now working with Neckermann but the LTU, the Airtours, TUI; they know our product in Petra Mare and how well it sells.

Case D is a hotel that has reached an optimum form. After 6 years of renovation and with no allowances to expand its capacity, it had no other option than to

relocate its niche range. It remains a hotel for families, unique in the region, but needed the boost of the up and coming demand for all-inclusive resorts. After the latest addition of the water park in 1999, it enjoyed superfluous demand every subsequent year until 2002. That year, the management started receiving special offer requests, not only for the side seasons but during the high season too. Combined with the fact that the sales from other departments had been steadily diminishing since the early 90s, the management decided to change its operation to all-inclusive in 2004. In this form, they can claim better contract rates and regain the difference from the lost revenues of the extras. This change is expected not to impact on the hotel's profitability, despite the increased costs. Similarly, case H changed its type of operation because it faced pressure from increased competition and was forced to compromise with lower-mid level clientele:

(Hb) There are many new, good hotel units that have attracted the quality tourism and ourselves have inevitably attracted a lower category of customers. For example, the people who go to the 5\* hotels are not enough and the 5\* try to attract clientele from the 4\* in order to fill their rooms. Ourselves then, we are forced to attract customers from the 3\* hotels and even lower. These customers cannot generate revenue to our departments, that is why we try to compromise and find a solution to cover this gap

The benefits of the niche relocation are also processual and the management has better control of the bookings:

(Hb) This clientele also has the distinctive characteristic that it makes its bookings in advance, even though this segment is huge. You can count families... all the pensioners prefer all-inclusive. This ensures good occupancies and allows a good financial policy on behalf of the hotel. You do not need to worry about so many things

DOES IT HAVE TO DO WITH THE DECREASING COSTS FROM THE F&B DEPARTMENTS?

They are decreasing, that is true. Now with the all-inclusive, the consumption will increase but since the quality of the offered products will drop as well, we will reach at least the same levels as in the past year, if not

higher. The hotel makes cost savings from the decreased pilferages, we do not have the anxiety for the success of the departments, we do not have to deal with each ones individual demands. These are the advantages and, although the consumption is higher, the drop in quality, combined with the better control of the production, which becomes mass production thereon, and getting a higher price than the half-board, we expect the same or better results... also the money go directly to the pocket of the hotelier, they do not go through the tax office. That is what I am telling you, you gain from other things. You do not evade the tax, but you evade the control from the tax office and things like that which do not take much of your time.

Therefore, it can be said that pressure on hotels is felt mostly through the diminishing of income generators. It is also self-evident that marginalised hotels cannot use the same arguments at the negotiating table as other hotels located in the market centre. The outcomes are the less favourable terms in contracts (such as the size of the subseasons, release period, room rates) and the increased tolerance allowances of these hotels (regarding the payments and performance of their suppliers).

Relocations of market niches are often preceded by certain remedial practices such as expansion of the niche range or the strengthening of their already established niche (through pricing, promotions); that is, as long as the suppliers are responsive to such efforts. The precursor for relocation of niche width seems to be comparisons with hotel units within the local area. The management will not proceed to market relocation unless they are persuaded of the success of early adopters:

(Hb)... from all the hoteliers I know, no one returned to the half-board from the all-inclusive, even though that operation is preferable, because the money are much better and the customers ask for it...

(Ba) Those that turned to all-inclusive, they did not like it. They do it in order to get better occupancies. The all-inclusive entails a major restructuring in the hotel as you are forced to feed the people from morning till the evening. The labour costs increase, the operating costs increase, the

prices increase as well but the increase in the price follows more or less the increase in the costs. The outcome is not that the hotel unit earns more money; it simply manages to survive whereas this was in doubt with its previous form of operation.

The initiators of change are often marginalised hotel units. In these cases, continuing failures to revitalise the demand for the hotel add up to the quantum leap of relocating their market niche. One respondent explains:

(Ba) It was the more remote hotels that faced the first difficulties. Ourselves we are close to the city, we did not have these difficulties, or we did but not at the same extent. We can still sell ourselves better than them. Therefore those that had problems because of their location, either because they are not close to the sea or they are too isolated and they are not within a piazza, those are usually the ones that turned to all-inclusive because they experienced first the impacts in the form of low occupancies.

#### 7.2.4 Summary

At this point, it is possible to summarise the type of actions that managers adopt in the local hotel sector when dealing with uncertainty. Assuming that business is confined within local boundaries (Constructs 1&2), and that the managers' role is to keep the hotel full, whilst selling the hotel rooms at the highest possible price, then the managers would systematically:

- Select markets that are compatible with their hotel's offering (Construct 7). In such cases, their focus would not be on the optimisation of the firm's profits but on avoiding operational complexity.
- Go through T.As/T.Os (the suppliers), which, as mediating organisations, will help the hotel firm reach its markets using their resources and distribution network (Constructs 6&7).

- Take steps to reach their markets through the hotel firm's own resources only if they see any tangible benefits from this approach (i.e. sales or expanding their supply network; Construct 6).
- Select their suppliers based on their capacity to fulfill their commitments (fill the hotel and meet their financial obligations; Construct 8).
- Have formal contractual agreements with the suppliers, which, even if they are not realised in actual sales, allow the hotel to draw from the suppliers' resources (Constructs 8&9).
- Build a symbiotic relationship with the hotel's suppliers by buffering the suppliers' own operational uncertainties, gaining leverage for their otherwise low bargaining power (Construct 12).
- Demonstrate their commitment to the partnership with their suppliers by building a history of collaboration and a capacity to be of value to those suppliers over time (Construct 13). This is necessary, as the hotel firms lack any unique resources they can offer to gain a competitive edge over other hotel firms. As a result, the only distinguishing factor among hotel firms become the synergistic benefits they can offer to their suppliers through their ongoing collaboration.
- Keep their hotel product undifferentiated from that of other competitive firms as long as there is sufficient demand for their offering (Construct 3). They will eventually differentiate when they face chronic low performance and diminishing returns from their revenue sources (Construct 14). In which case, they will require the consent, or even prompt, of their suppliers, in order to avoid disturbing their fragile supply network.
- Focus on the hotel firm's own historical records to deal with erratic demand, not by forecasting the overall level of demand as such, but rather their suppliers' (contract) performance (Construct 11). Their incapacity to predict the overall level of demand has to do with them being in a peripheral network position, from which they cannot obtain sufficient or accurate market intelligence.
- Engage into network interaction to deal with the sparse information environment within which they operate (Construct 10).

The above actions represent the systematic attempts of the hotel managers to deal with the fact that their firms are at disadvantage. The market has reached a level of

saturation, with the offer surpassing the demand, which increases the competitive rivalry in the sector. Also, being the last link of the supply chain in the tourism industry, they are unable to reach their markets directly. For that purpose they have to go through mediating organisations, T.As/T.Os, and use their resources. This process is not straightforward, however; even if they have a contractual agreement with T.As/T.Os, they cannot secure their cooperation. A hotel firm does not have any valuable resources to trade, whereas the supplier holds the means to sell the hotel product in the market. Furthermore, the negotiating power of the hotel firms is not helped by the fragmentation in the sector and the oligopolic state of the supply side.

The key to overcoming their firms' disadvantage is to develop a relational bond with the suppliers, built through their history of collaboration. Contracts are treated by the management as an intangible resource, a formal agreement of their partnership with their suppliers, which forms the basis for their negotiations. The managers use the hotel firm's reputation to support their negotiating power. They build the hotel firm's reputation by working with the same markets for years, those that are most compatible with the hotel firm's competencies. In the domain of the industry, the hotel firm's reputation is built through transactions with suppliers, based on the extent to which the hotel firm manages to reduce the suppliers' own operational uncertainties, something that is reflected in their history of collaboration. Network is another important resource for the managers, being used as a means to compensate for the hotel firms' peripheral network position.

The above summary, however, represents the managers' common knowledge and therefore is a simplification of a detailed understanding of their contribution to their firms' strategy. Variations in the management's responses to uncertainty exist and they are closely related to the specificity of the firms' capabilities. In turn, their capabilities are dependent on broad, identifiable characteristics, which relate back to the factors that determined the sample of the study. In particular, their main distinguishing factor, their category rating, affects the demand for the hotel product. Lower category hotels are a product of an older era, nurtured by an almost nonstop growth of the market till the early 1990s. The period that followed, however, marked a change in the industry lifecycle, characterised by stagnant demand, and an



evergrowing saturation of hotel product offerings. Lower category hotels were economically built and were efficient in a previous industry era. Now they hold no advantage over the higher category businesses. Both have a similar cost structure, with the higher category hotels making use of a wider range of facilities/services. The lower category hotels can differentiate only in terms of pricing and, having an inelastic cost structure, they are forced to operate with wafer-thin margins.

The result is that the management are inevitably preoccupied with achieving high sales volumes, which is problematic considering the desirability of their hotel product. Similarly, hotel firms in the (less developed) south axis of the island offer a less desirable product, compared to hotels located on the north axis. Their distance from the main access points of the island (all on the north axis) makes them a second choice for both the suppliers and the consumers. These two broad types of hotel firms are located in the periphery of the market; they are firms the market could do without; however, they persist in their current operations (Constructs 1&2) even though they are marginalised. The management of those firms is restricted in the options it has to drive the business forward, as their firms play in a much less favourable domain. In such cases, the management is more likely to choose to differentiate the hotel product (Construct 14) in order to move to a less crowded competitive domain: it would rely more on mediating organisations to reach its markets (Construct 6); it would have to make compromises when selecting markets for the hotel product (Construct 7); adopt short-termist pricing practices in order to ensure a sufficient working capital and maintain sales' volumes even if profits are squeezed further (Construct 5).

## PART II

### 7.3 The ethnographic lens

The main interview provided us with an understanding of the types of actions the hotel managers' take when dealing with uncertainty. This understanding is grounded on the managers' common knowledge of what they ought to do in order to optimise the performance of their business in the context of the local hotel sector. This next level of analysis centres on the hotel managers' work activity, an analytical lens that sheds light on the process of strategising; the manner by which those actions are reflected in their day-to-day activity.

It is shown that, while their work activity pattern is primarily fragmented and remedial in nature, it is purposive and efficient (Section 7.3.2). The hotel managers concentrate on dealing with their firms' operational uncertainties, denoting a rather introverted focus within the firm. However, when seen through the lens of their common knowledge, which is ingrained by dealing with uncertainty within the boundaries of their local context, the work pattern is found to support the hotel managers' efforts by leveraging their firms' bargaining power (Section 7.3.3). Thus, the hotel managers' work activity reflects how their common knowledge becomes empirical and is manifested in their everyday practice.

The additional inquiry on the hotel managers' annual work cycle (Section 7.3.4), however, delineated the more outward elements of their work, in contrast with the observation data. In particular, it unearthed predictable managerial practices which occur at fixed periods during the year, following the hotel firms' recurrent action patterns, whereby the managers consciously try to control elements of the external environment.

### 7.3.1 The hotel managers' work compared

This section provides an 'objective', quantitative account of the hotel managers' work activity, which is useful for comparative purposes. The presentation of the data draws from managerial work literature, which analyses managerial activity through patterns of action and interaction. This is the line followed here, presenting elements of the hotel managers' work based on the type of activity they perform and with whom they engage; also its location, source, recurrence and predictability.

The results portray the hotel managers' work activity as fragmented (see mean number of events/hour), indicating a non-planned activity pattern. It was possible, however, to identify predictable 'chunks of work', or specific sets of activities (i.e. check-initiated), whose occurrence and frequency indicated intentional initiation of action in the pursuit of some desired outputs. In general, the observation did not elicit much evidence that the managers engage in apparent 'strategic' activity such as planning or even scheduled meetings. Instead, it illustrated a preoccupation of the managers with some of the more mundane activities such as routine deskwork, observational tours and frequent interaction with others. Furthermore, most of the hotel managers' activity was found to be remedial in nature, following the needs and the problems that occur during the day. In fact, much of their work pattern can be explained from their emphasis on identifying problems in their genesis. In this sense, the managers seem to primarily deal with the operational uncertainties of the business. Another obvious finding of the hotel managers' work is that it is adaptable to the specificities of the hotel firm. This explains, to a large extent, the variations of the results across the sample and shows that the managers' choices of how they perform their activity depend on the capabilities of their firm, which they have to support. Thus, their work activity pattern is contingent on the output they seek to produce for their firm. The above findings are described in detail in section 7.3.2, which dwells further on the features of the hotel managers' work.

The hotel managers' output, however, is not observable in this 'objective' quantitative presentation of the hotel managers' work. This presentation of the data illustrates patterns in their work activity, which brings forward some of its

prominent features; however, these features, if analysed in isolation, do not portray any evident 'strategic behaviour. In other words, they do not explain the managers' contribution to the strategy of their firm as it manifests in their everyday activity. As suggested in the literature review, the managers' contribution can be best understood if seen through their context of intention, their intended contribution to their organisation.

For that purpose, the ethnographic lens is complemented by two further analyses. Section 7.3.3 brings together the features of the hotel managers' work and their common knowledge when dealing with organisational uncertainties, in order to elicit their intended output at the organisational level; put more simply, what they are trying to achieve through their work activity. Section 7.3.4 provides an overview of the hotel managers' annual work cycle, complementing the observation data and allowing for a more rounded view of their inputs.

Table 6: The 3\* resort Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	20.89	0.98	34.81	9.19
Interaction	9.92	3.63	16.54	34.05
Deskwork	13.04	2.08	21.73	19.46
Scheduled meetings	6.87	0.46	11.44	4.32
Unscheduled meetings	3.06	0.35	5.09	3.24
Telephone calls	4.85	2.77	8.08	25.94
Operational	0.11	0.06	0.09	0.54
Travel				
Personal				
Observer interaction				
Other	1.27	0.35	2.11	3.24
Total	60.00	10.68	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	2.04	0.66	3.42	5.19
Ceremony	14.77	0.72	24.55	5.66
Status request	4.26	1.92	7.14	15.09
Action request	4.02	1.92	6.74	15.09
Info exchange	10.21	3.12	16.95	24.53
Review	12.01	1.62	20.12	12.73
Negotiation	8.59	1.26	14.39	9.90
Action enquiry	0.54	0.42	0.90	3.30
Other	3.54	1.08	5.93	8.49
Total	60.00	12.72	100.00	100.00
<i>Form of initiation:</i>				
Principal	15.37	4.54	25.63	42.85
Opposite party	6.06	2.21	10.10	20.88
Mutual	11.41	1.51	19.03	14.28
Clock	24.17	1.69	40.29	15.93
Other	2.97	0.64	4.95	6.04
Total	60.00	10.59	100.00	100.00

Table 7: The 4\* resort Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	8.86	0.77	14.76	14.49
Interaction	2.39	0.92	3.98	17.39
Deskwork	15.48	1.39	25.80	26.09
Scheduled meetings	19.34	0.38	32.22	7.24
Unscheduled meetings	4.47	0.38	7.44	7.24
Telephone calls	3.16	1.00	5.26	18.84
Operational	0.08	0.08	0.001	1.45
Travel				
Personal				
Observer interaction	3.39	0.23	5.65	4.35
Other	2.85	0.15	4.75	2.90
Total	60.00	5.30	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	6.69	0.65	11.40	8.33
Ceremony	15.32	0.74	25.52	9.37
Status request	1.71	0.98	2.85	12.50
Action request	1.71	1.64	2.85	20.83
Info exchange	17.11	1.15	28.49	14.58
Review	13.37	1.40	22.79	17.71
Negotiation	0.86	0.33	1.41	4.17
Action enquiry	0.86	0.82	1.41	10.42
Other	2.41	0.16	4.00	2.08
Total	60.00	7.87	100.00	100.00
<i>Form of initiation:</i>				
Principal	17.85	3.02	30.00	49.38
Opposite party	6.43	1.13	10.72	18.52
Mutual	16.98	0.60	31.65	9.87
Clock	16.72	1.36	27.87	22.22
Other				
Total	57.98	6.11	100.00	100.00

Table 8: The 3\* South resort Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	5.13	0.59	8.55	13.23
Interaction	9.59	2.00	15.98	39.70
Deskwork	9.59	0.96	15.98	19.12
Scheduled meetings	5.05	0.07	8.42	1.47
Unscheduled meetings	2.23	0.30	3.72	5.88
Telephone calls	0.37	0.30	0.62	5.88
Operational	0.37	0.22	0.62	4.41
Travel	18.60	0.07	30.97	1.47
Personal				
Observer interaction				
Other	9.07	0.44	15.12	8.82
Total	60.00	4.95	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	3.23	0.11	5.38	2.08
Ceremony	9.23	0.11	1.53	2.08
Status request	5.67	1.84	9.42	33.33
Action request	1.38	0.69	2.31	12.50
Info exchange	1.38	0.92	2.31	16.67
Review	14.65	1.04	24.42	18.75
Negotiation	2.88	0.11	4.81	2.08
Action enquiry	0.81	0.34	1.34	6.25
Other	20.46	0.34	48.46	6.25
Total	60.00	5.50	100.00	100.00
<i>Form of initiation:</i>				
Principal	5.55	1.65	9.25	33.33
Opposite party	8.27	1.65	13.79	33.33
Mutual	11.68	0.68	19.48	13.72
Clock	5.94	0.68	9.90	13.72
Other	28.53	0.29	47.56	5.88
Total	60.00	4.95	100.00	100.00

Table 9: The 4\* South resort Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	14.31	1.57	23.85	12.76
Interaction	7.25	3.20	12.09	26.06
Deskwork	22.22	3.59	37.03	29.25
Scheduled meetings	7.51	0.26	12.53	2.13
Unscheduled meetings	1.96	0.39	3.27	3.19
Telephone calls	4.57	2.94	7.62	23.93
Operational	0.59	0.26	0.98	2.13
Travel				
Personal				
Observer interaction				
Other	1.57	0.06	2.61	0.53
Total	60.00	12.27	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	6.93	0.64	11.56	5.05
Ceremony	8.99	0.96	14.98	7.57
Status request	2.37	1.41	3.95	11.11
Action request	2.82	1.54	4.70	12.12
Info exchange	6.10	2.57	10.17	20.20
Review	21.84	3.02	36.40	23.73
Negotiation	2.82	0.45	4.70	3.53
Action enquiry	1.09	0.70	1.82	5.55
Other	7.00	1.41	11.67	11.11
Total	60.00	12.70	100.00	100.00
<i>Form of initiation:</i>				
Principal	24.28	6.34	40.45	41.70
Opposite party	3.17	2.16	5.28	14.22
Mutual	13.25	1.87	22.09	12.32
Clock	16.71	4.03	27.85	26.54
Other	2.59	2.59	4.32	5.21
Total	60.00	16.99	100.00	100.00



Table 10: The 3\* City hotel Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	5.87	0.44	9.78	2.75
Interaction	11.03	6.31	18.45	39.31
Deskwork	20.15	3.54	33.58	22.06
Scheduled meetings				
Unscheduled meetings	2.32	0.66	3.87	4.13
Telephone calls	9.52	4.32	15.87	26.90
Operational	0.11	0.11	0.18	0.69
Travel	9.63	0.33	16.05	2.07
Personal				
Observer interaction				
Other	1.33	0.33	2.21	2.07
Total	60.00	16.04	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	1.79	0.84	2.99	5.00
Ceremony	14.89	1.48	24.82	8.75
Status request	3.17	2.53	5.28	15.00
Action request	4.12	1.90	6.86	11.25
Info exchange	5.38	3.69	8.98	21.87
Review	18.58	2.95	30.98	17.50
Negotiation	4.86	1.26	8.10	7.50
Action enquiry	0.74	0.53	1.23	3.12
Other	6.44	1.67	10.74	10.00
Total	60.00	16.87	100.00	100.00
<i>Form of initiation:</i>				
Principal	11.75	7.54	19.59	43.00
Opposite party	6.54	3.10	10.90	17.72
Mutual	5.10	2.44	8.50	13.92
Clock	28.50	2.77	47.50	15.82
Other	8.09	1.66	13.49	9.49
Total	60.00	17.51	100.00	100.00

Table 11: The 4\* City hotel Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	7.33	1.13	12.20	6.52
Interaction	5.67	7.16	9.44	41.30
Deskwork	13.00	3.39	21.65	19.56
Scheduled meetings	8.51	0.75	14.17	4.34
Unscheduled meetings	16.78	1.13	27.95	6.52
Telephone calls	5.67	3.77	9.44	21.73
Operational				
Travel				
Personal				
Observer interaction				
Other	3.07	0.38	5.11	2.17
Total	60.00	17.33	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	2.67	0.73	4.50	3.00
Ceremony	11.17	0.73	18.62	3.00
Status request	5.10	2.18	8.50	9.00
Action request	7.04	2.91	11.74	12.00
Info exchange	16.02	2.91	26.72	12.00
Review	11.17	1.46	18.62	6.00
Negotiation	4.85	0.97	8.10	4.00
Action enquiry	0.73	0.49	1.21	2.00
Other	1.21	0.73	2.02	3.00
Total	60.00	13.11	100.00	100.00
<i>Form of initiation:</i>				
Principal	20.00	6.35	33.33	58.70
Opposite party	5.42	1.18	9.02	10.87
Mutual	8.23	0.94	13.72	8.70
Clock	3.76	0.71	6.27	6.52
Other	22.59	1.65	37.65	15.21
Total	60.00	10.83	100.00	100.00

Table 12: The 3\* Owner-managed resort Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	8.36	0.98	13.93	5.97
Interaction	17.46	8.49	29.10	51.49
Deskwork	19.56	4.06	32.58	24.63
Scheduled meetings				
Unscheduled meetings				
Telephone calls	3.07	1.47	5.12	8.95
Operational	2.58	1.11	4.30	6.71
Travel	7.13	0.24	11.88	1.49
Personal				
Observer interaction				
Other	1.84	1.12	3.07	0.74
Total	60.00	17.47	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	3.69	0.98	6.15	6.45
Ceremony	10.95	0.74	18.24	4.84
Status request	1.35	0.98	2.25	6.45
Action request	2.70	0.98	4.51	6.45
Info exchange	6.64	2.95	11.06	19.35
Review	12.67	2.34	21.10	15.32
Negotiation	0.61	0.12	1.02	0.80
Action enquiry	0.49	0.24	0.82	1.61
Other	20.91	5.90	34.83	38.71
Total	60.00	15.23	100.00	100.00
<i>Form of initiation:</i>				
Principal	16.99	5.29	28.34	32.33
Opposite party	4.56	2.34	7.60	14.28
Mutual	11.08	4.43	18.48	27.07
Clock	22.54	2.95	37.58	18.04
Other	4.80	1.35	8.00	8.27
Total	60.00	16.36	100.00	100.00

Table 13: The 4\* Owner-managed resort Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	5.60	1.53	9.33	10.77
Interaction	10.33	5.31	17.21	37.43
Deskwork	14.91	2.98	24.85	21.02
Scheduled meetings	3.34	0.29	5.57	2.05
Unscheduled meetings	6.25	0.44	10.42	3.07
Telephone calls	4.87	2.18	8.12	15.38
Operational	6.47	1.02	10.79	7.18
Travel	4.00	0.14	6.67	1.02
Personal				
Observer interaction				
Other	4.22	0.29	7.03	2.05
Total	60.00	14.18	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	1.66	0.39	2.70	2.75
Ceremony	9.94	2.05	16.19	14.28
Status request	1.18	0.79	1.93	5.49
Action request	1.66	1.18	2.70	8.24
Info exchange	10.10	3.16	16.45	21.98
Review	11.76	2.60	19.15	18.13
Negotiation	5.84	1.34	9.51	9.34
Action enquiry	2.52	0.87	4.11	6.04
Other	12.73	1.97	27.25	13.73
Total	57.39	14.35	100.00	100.00
<i>Form of initiation:</i>				
Principal	19.16	5.69	31.93	39.90
Opposite party	3.67	2.09	6.12	14.64
Mutual	15.13	2.81	25.21	19.69
Clock	18.87	2.88	31.45	20.20
Other	3.17	0.79	5.28	5.55
Total	60.00	14.26	100.00	100.00

Table 14: The Polar Case

	Mean number of minutes/hour	Mean number of events/hour	%Time spent	%events
<i>Managerial events:</i>				
Tours	2.61	0.61	4.36	6.30
Interaction	14.03	4.84	23.46	49.61
Deskwork	3.23	0.84	3.20	10.23
Scheduled meetings	1.31	0.23	2.18	2.36
Unscheduled meetings	2.08	0.23	3.46	2.36
Telephone calls	2.38	1.77	3.97	18.11
Operational	1.23	0.69	2.05	7.09
Travel	30.84	0.15	51.41	1.57
Personal				
Observer interaction				
Other	2.23	0.23	5.91	2.36
Total	60.00	9.59	100.00	100.00
<i>Purpose of contact:</i>				
Scheduling	6.69	1.37	11.11	7.77
Ceremony	29.84	3.09	49.57	17.47
Status request	2.57	1.89	4.27	10.68
Action request	5.66	4.80	9.40	27.18
Info exchange	6.34	2.57	10.54	14.56
Review	1.37	2.74	2.28	15.53
Negotiation	0.51	0.34	0.85	2.91
Action enquiry				1.94
Other	7.02	0.34	11.98	1.94
Total	60.00	17.14	100.00	100.00
<i>Form of initiation:</i>				
Principal	11.73	9.26	19.55	43.90
Opposite party	4.60	2.82	7.67	15.45
Mutual	25.41	2.82	42.23	15.45
Clock	16.49	3.42	27.47	18.70
Other	1.78	1.89	2.97	6.50
Total	60.00	20.21	100.00	100.00

### 7.3.2 Features of the hotel managers' work

- *The fragmented and remedial nature of the hotel managers' work*

The findings show that the hotel managers' work is largely fragmented, with little time spent on any one particular activity. This is illustrated by the high number of activities the hotel managers engage in during the course of their work (the mean number of events/hour varied between 4.95 and 17.47, averaging across the sample as 11.98 events/hour). Much of this fragmentation is owed to the variety of the day-to-day problems and issues that emerge, and the managers' preoccupation in dealing with these problems/issues as soon as they occur. Many hotel managers noted that they need to respond immediately to any problems/issues because they cannot be left to perpetuate. As the manager of the 3\* resort hotel stated, issues need to be resolved immediately and within the hotel, without the intervention of the supplier (T.A. or T.O.), because if that happens the problem can only get worse.

By responding immediately to emergent problems/issues, the managers of the sample engage in a sequence of activities until the issue is resolved. Thus, managerial activity switches to become goal oriented, diverging from any typical/predictable work pattern that may have been followed otherwise. This unpredictable work pattern is very evident in the manager of the 4\* south resort hotel, which largely follows the daily problems and needs. The following sequence of events demonstrates the very short lag between the identification and resolution of problems within the hotel. Late on the first day, the owner (entry 114) reports that the football on the beach is becoming disturbing. People sunbathing are getting annoyed with the kids playing football all over the place. During this short interaction, no solution is given by either the owner or the manager; however, on the second day, the manager met the pool supervisor and a maintenance worker (entry 120) to discuss how they were going to create a football pitch. This initiates information exchange from both parties, negotiating the best way to do the task. The communication is goal oriented. At a later point, during an unscheduled meeting with the animateur (entry 174), the manager mentions the works at the beach and asks the animateur to check whether they are done properly. The

manager follows up with another interaction (entry 178), reviews the situation and sets goals: 'empty the space on the beach so that they can start working tomorrow'.

Aside from the emergent problems/issues that hotel managers have to deal with, a common factor that leads to the fragmentation of their work is their interaction with others. The data shows that, whilst interacting with others takes up a relatively small part of the total time spent of the managers' activity (average percentage of time spent on interaction 16.19%), it accounts for a significantly higher percentage of the total number of events (36.48%). It seems that the managers of the sample allow their work to be interrupted and engage in short-span interaction with others. The observation showed that interacting with others is important to make other actors, upon whom the managers' performance depends, cooperate. The manager of the 3\* city hotel, for instance, needs to know the bookings' status at any given time, engaging frequently in interaction by making status requests (15% of events) and exchanging information (21.87% of events). Such frequent interaction is necessary, as the hotel manager has to deal with the volatile nature of the demand. As a city hotel, it has an average of less than 2 nights stay per customer compared to the typical 10 of a resort hotel, and therefore long-term stability cannot be sustained. The hotel can have low occupancy on certain dates, whilst being highly overbooked on others. By being informed of the bookings' status, the manager is able to act accordingly and handle the situation.

From one perspective, the hotel managers' fragmented work pattern seems ad hoc and remedial, focusing on dealing with problems/issues as soon as they occur. On the other hand, this fragmented work pattern is an efficient way of dealing with the operational uncertainties of the business.

- *Preoccupation with tasks*

During the observation, it appeared that some activities/tasks consume more of the hotel managers' time and therefore can be considered important in terms of producing the desired output. The following activities are found to be of particular importance:

- All managers have high mobility, which is often predictable (see clock initiated activities). This aspect of their work is manifested as observational tours, which have an important role in the managers' daily work pattern. While one would expect observational tours to be for monitoring purposes only, they actually have a much more purposive character. Observational tours are unequivocally a means for the managers to position themselves in areas at the hotel where problems are more likely to emerge: for instance, at the opening of the restaurant, at the bar during the evening, or during the arrival of large groups of customers when the workload is particularly high and things are more likely to go wrong; however, problems are not always identified by the managers. Instead, they are brought to their attention. A very interesting finding is that the presence of a manager in various areas within the hotel allows him/her to be approached by members of staff who want to make action enquiries, or report status and possible problems. This is particularly evident in the 4\* south resort and 3\* resort cases, where the managers' mobility induces interaction with staff which could not be performed otherwise. This interaction may also be seen as an ongoing negotiation sequence, as the managers and their staff discuss the operational necessities of the hotel and agree on a course of action; for instance, discussing and agreeing on the staffing levels for completing a task.
  
- They spend large amount of their time on deskwork activity, which consumes, on average, 24.04% of their time. This demonstrates the hotel managers' preoccupation with certain duties, i.e. handling the reservations and reviewing performance data. Although some deskwork activity may be considered mundane, and could possibly be delegated to other members of staff, the managers withhold their involvement in particular deskwork activities. According to the respondents, this deskwork, although fragmented (accounting on average for 21.27% of the total number of events), helps them to unearth problems and assists them in their planning. The manager of the 3\* city hotel, for instance, spends a considerable amount of time reviewing the bookings' status frequently, responding to reservation requests and filing all the documentation to avoid any problems. As he explained: 'sometimes a travel agent sends the customers even though he has disconfirmed. Travel agents do



that on purpose but I want to avoid such confusion.’ This is even more evident in the work of the manager of the 4\* south resort hotel, who spends 37.03% of total time spent on deskwork, most of which is on reviewing (23.73% of events, 36.40% of total time spent) the bookings’ status on very frequent basis to avoid problems with the suppliers. He noted that the suppliers send their bookings in at the last minute, so that the hotel would have little slack for reaction. It is a common trick of the trade used by the agents who want to create artificial uncertainty for hotels. The work of the manager of the 4\* resort hotel also emphasises deskwork (25.80% of time spent), which involves reviewing (22.79% of time spent) performance data such as audits, bookings, the customers’ questionnaires and the performance of the hotel’s suppliers. The review of the questionnaires, although a task that could be done by other members of staff, is something the manager prefers to do himself. He explains that, although this may not seem to be decision-making, it actually assists the long-term planning for the hotel. By reading the customers’ comments, he understands their needs and he and the owner make decisions together during the winter regarding the changes that need to be made.

- They assume the role of host and custodian of the hotel. While not readily apparent in the observation data, this is entrenched largely in their interaction with others, as well as in activities of ceremonial character. The managers of the sample frequently socialised with customers, something they broadly term as ‘public relations’, which emphasises their role as host. Furthermore, they participate in or initiate a number of ceremonial activities, primarily with members of staff, reasserting their role as custodian of the hotel. An extreme example here is the manager of the specialist hotel, who spends 49.57% of his time on ceremonial activities. This particular example represents the manager’s customary interaction with the hotel’s customers, as well as with its partners. In other cases, however, interaction with customers does not appear as a ceremonial activity. In their majority, ceremonial activities are occasions when the manager participates in customary interaction with staff, setting the context for a specific type of agenda. The owner-manager of the 3\* resort, for instance, customarily meets with staff during their morning break. While this may appear as a simple interaction, it is important for exchanging information about the

daily tasks, issues or problems and negotiating the time spent on tasks, especially since all members of staff are gathered together and they can all agree on a common course of action. Similarly, the owner-manager of the 4\* resort would participate in an unscheduled but customary family meeting every evening, where he would discuss issues of the hotel, business problems and business options. This informal meeting serves to gain confirmation from the family for his current course of action.

- *Adaptability in the managers' work pattern*

Some variances in the work pattern of the hotel managers of the sample were found to correspond to certain specificities of the firms. This observation was strengthened by the clear distinction between the hotel firms of the sample in terms of size, type of operation, type of ownership, location, and market niche. The results illustrate some consistent work patterns, which, although sharing some features with the rest of the hotel managers of the sample, are adapted to the organisation-specific nature of the problems they face, as well as the resources they have available.

In lower category hotels, for instance, the managers' work is more fragmented (see total number of events) and disruptible (see principal initiated activities vs. others). This can be attributed to the general absence of middle management staff in lower category hotels, simply because their scale of operation is much smaller. In contrast, the work of managers in higher category hotels is less disruptible, obviously because their workload is buffered by middle management. The hotel managers become involved only when a problem comes to their attention. This applies particularly for the managers of the 4\* resort and 4\* city hotel. In both cases, their assistant managers reduce their workload. An exception here is the 4\* south resort hotel, which has no middle management to buffer the hotel manager's workload. Being in the market periphery, the 4\* south resort hotel does not have a high hierarchical structure and the manager takes on all the monitoring and coordination. The manager's mobility here is very high, as he needs to cover more areas and departments. This is demonstrated by the mean number of tours, which is

1.57/hour, the highest within the sample, even though it does not equally qualify for the highest time spent for that activity.

Furthermore, where there is a flat organisational structure, managers have high and frequent interaction with staff, because of the lack of formal communication channels. This would include the lower category hotels, hotels in the south, and owner-managed hotels; in essence all but the 4\* resort and 4\* city hotels (where interaction accounts for 3.98% and 9.44% of the total time spent, the lowest within the sample).

In both owner-managed hotels, there is high predictability of activities (31.93% and 37.58 % of time spent on clock initiated activities for the 4\* owner-managed and 3\* owner-managed hotels respectively). Both hotels are characterised by the owners' involvement in their operation and they have relatively flat organisational structures. They tend to have a low staff turnover, because the owners prefer to have people that they can trust with long tenure in the business. The staff's loyalty is nurtured by their job stability and other benefits they may negotiate with the owners. The same long tenure allows the staff to carry out their activity with minimal supervision or coordination (demonstrated by the low frequency of action/status requests and time spent). As a result, the managers' work is more predictable. Also, the fact that they spend more time on travel (6.67%, 11.88%) and ceremonial activities (16.19%, 18.24%) can be attributed to the relative slack in their work.

Travel is an activity that allows interaction with the external environment of the hotel firm and often denotes a boundary-spanning activity. The managers of the 3\* south resort (30.97%), 3\* city (16.05% of time spent), 3\* owner-managed (11.88%), 4\* owner-managed (6.67%), and the specialist hotel (51.41%) are distinguished from the rest, as travel is a time-consuming activity for them, if not always predictable. Earlier, the time spent on travel by the managers of the owner-managed hotels was attributed to the relative slack in their work. For the managers of the 3\* south resort and the specialist hotel, the amount of time they spend on travel is explained by the remoteness of the hotel units, and the need to obtain resources and liase with others at metropolitan cities. On the contrary, the manager

of the 3\* city hotel has all the resources and facilities within close proximity from the hotel unit. Whilst travel is not necessitated by the access to resources, it is that very same ease that makes travel a daily, predictable activity.

The polar case displays considerable variations. We observe the highest amount of time spent on travel (51.41%) and ceremonial activities (49.57%). These extraordinary results are better understood when taking into account the specificities of the specialist hotel. The food and beverage (F&B) division is the major contributor to revenues, whereas the rooms division accounts for only a small part of the total earnings. Consequently, the managers' attention is focused on the more critical F&B division. This division operates at full capacity in the evenings, which leaves the manager time in the mornings to travel to the metropolitan city. As for the ceremonial activities, they represent the manager's role as host to the business' customers. His work was also characterised by a fair amount of scheduling (6.69% of time spent), which demonstrates the incremental type of planning the F&B division requires.

### 7.3.3 The output of managerial work activity

The hotel managers' work activity is found to be introverted in nature, being preoccupied in dealing with day-to-day issues and problems, and characterised by routine and fragmented activities. Thus, the initial picture one sees is substantially different from what was found in the constructs, which represent the managers' common knowledge. In the constructs, the managers are shown to be outward oriented, managing their relational bond with the suppliers. What came across the constructs was the continuous struggle of the hotel managers to leverage their firms' bargaining power. This is a necessity, as they are at a disadvantage in relation to the suppliers, occupying a disproportionately small position in the market, which means they have very few valuable resources to trade.

On examination of the observation data under this common knowledge, the hotel managers' work activity can be reinterpreted, taking into account their efforts to leverage their firms' bargaining power. Their work pattern, however fragmented

and remedial in nature, is linked to their efforts to leverage their firms' bargaining power. In particular, a re-examination of the prevalent features of their work shows that they serve the following three purposes:

- *Maintaining consistency*

Much of the hotel managers' work activity is the result of their pursuit to maintain consistency. This is illustrated by the nature of the interaction between the hotel managers and their staff members, whereby the managers try to entrench organisational values in their staff members. In the observation data, this type of interaction is labeled as ceremonial, although it also partially accounts for the managers' interaction with customers.

The managers' efforts to maintain consistency in the delivery of their hotel product originates from the needs of their business which, being service based and thus labour intensive, makes it difficult to standardise the service delivery. In turn, the delivery of the service essentially relies on the performance of the staff. As some hotel managers put it: 'it all depends on the interaction between the staff and the customers, and it is the staff that interact with the customers, not the manager.'

The 4\* resort hotel is a good example of a case where the manager concentrates his efforts to maintain the consistency in the delivery of the hotel product. In this case, the managers' efforts are seen through some clock-initiated tasks (i.e. observational tours) and ceremonial tasks (i.e. ceremonial meetings with staff), where he uses rhetoric to build up a common line of action and entrench the correct organisational values in the staff members. The manager here claimed that they have already achieved a high standard of consistent service delivery and it is shown in the reputation they have build over the years. From his perspective, however, his job is to ensure that his hotel unit continues to deliver the same high standard of service now and in the future. This case represents a hotel unit located in the centre of the market, enjoying high demand from both the suppliers and the consumers, where maintaining the consistency in the delivery of service is pertinent to maintaining its reputation in that market. In other cases, where the hotel unit suffers from low demand for its product, the aim is more likely to be the achievement of a good

delivery of service, which has to be consistent if it is to count. The managers' efforts as reflected in their work pattern, however, remain the same.

The difficulty of standardising the delivery of service is a source of uncertainty which does not appear in the constructs. It is evident in the observation, though, when taking into account the hotel managers' ongoing pursuit to leverage their bargaining power over their counterparts, their suppliers. This is reflected by construct 6, where it is shown that the hotel managers prefer to promote their hotel product from within, by delivering value to their customers and building a loyal customer base. That customer base becomes a resource they can trade with their suppliers, and thus, leverage their negotiating capacity.

- *Protecting the hotel's reputation*

One very obvious feature of the hotel managers' work is its problemistic orientation, whereby they engage in simple routines, aiming to unearth potential problems so that they can resolve them at their genesis. This is strongly linked to protecting the hotel's reputation. As many respondents said: 'problems should not be left to perpetuate as they can only become worse'. Many respondents explained that problems in the hotel's operation affect the customers, and then the customers inform the tour reps or inform the T.As/T.Os through the feedback forms they submit at the end of their stay. When those problems reach the suppliers, the repercussions are not only financial but also affect the hotel firm's reputation (Construct 12).

The observation data shows that the hotel managers purposely engage in an array of activities that seek to unearth potential problems/issues within the organisational domain. For instance, hotel managers are located at the place and time where the work burden is highest and problems are more likely to occur. Observational tours around the hotel take place at periods when the workload is higher and problems/issues become more apparent. Observational tours also serve as a means to approach and interact with staff. They are not solely a monitoring activity, but primarily a way for the hotel manager to allow staff to approach and inform the hotel manager regarding the current issues/problems. Therefore, this particular

activity makes the manager an attractor of problems/issues, which may not have risen to the surface otherwise. The short and frequent deskwork activity is also imperative for detecting issues that otherwise may not come to the manager's attention at all. It is common among all managers of the sample to review their bookings' status frequently during the day. Given the erratic demand and the subsequent actions the managers may have taken to reduce the uncertainties from that demand (e.g. overbooking, special offers, zero release period), the bookings status may change unpredictably and may have significant repercussions on the hotel's operation. In order to be able to detect sudden changes in the bookings' status and avoid further problems, hotel managers need to engage into frequent deskwork activity.

The problemistic orientation of the hotel managers' activity demonstrates their day-to-day efforts to protect their firm's reputation. The importance of organisational reputation and the way by which is used to support their bargaining power is evident in the constructs. Construct 12, in particular, shows how the hotel firm's reputation is built through their history of collaboration with the suppliers. By making sure that they do not transfer any problems to their suppliers, they can portray themselves as a 'problem free', and therefore valuable, partner. At another level, however, the managers make choices minimising the potential problems in their hotel's operation. Construct 7 shows that, by being selective in the choice of markets they deal with, they ensure the compatibility between their market/s characteristics and their firm's competencies. Thus, they minimise the occurrence of problems which, in turn, supports their firm's reputation.

- *Developing a capacity to negotiate*

While the managers' work pattern is primarily introverted, focusing on resolving day-to-day problems and issues, a degree of political behaviour has been variously observed across the sample, aiming to negotiate the exchange of resources with their suppliers (T.S./T.Os). The hotel managers of the sample have consistently shown systematic efforts in order to develop their capacity to negotiate with their suppliers. This can be seen in their tendency to exclusively perform certain duties; for instance, handling the reservations and enquiries, which is a purposeful political

behaviour. While this behaviour shows a relative preoccupation with those duties, when considering that these duties could be performed at lower hierarchical levels by other staff, we can only infer that the hotel managers seek to preserve their work duties. This is a political move on their behalf, in the sense that they are making themselves the only medium through which the suppliers can contact the business when making a request. In effect, this enables them to negotiate every time they speak to the suppliers, drawing upon their history of collaboration, a knowledge which is inaccessible to other staff members. One characteristic event was an instance of communication between the manager of the 4\* south resort hotel and a T.A. The manager phoned the T.A. to reject their request for more rooms but, despite the fact the T.A. did not sell many rooms in the low season and the fact that the hotel was already overbooked, he did not cancel any of the T.A's rooms but said if he had any available rooms he would let the T.A. know.

This type of political behaviour was also observed in the case of the 4\* owner-managed hotel. The manager received a call from a T.A (entry 104), who requested rooms. The manager replied that he had no rooms available, because he had already promised those rooms to someone else. In fact, the reason for the manager's negative reply was that the T.A. was requesting too many single rooms (entry 114), paying room rates for a single room rather than a double. As the manager explained:

'it is not just the room rate which is important; it is the other revenues we get from other departments. Also the people who take single rooms are a bit alienated and they do not generate a lot of revenue. If it is for a short period of time though, it is ok'

In another instance, when the manager identified a period where the hotel would become overbooked, he had to contact a range of hoteliers and hotel managers in order to make a good arrangement. This initiated a prolonged sequence of interaction. Requesting availability from one hotel and sorting out the problem was not enough. The manager wanted to find a hotel that could accommodate his overbooked rooms at a better price in order to make some profit from this arrangement. According to the manager, the counterpart does not need to know the



prices of his hotel. This gives him the allowance to ask for an even lower price, e.g. to give 28 euros while he sells for 30 euro. His counterpart may accept it or may even ask for 40 euro. If the price difference is small, the manager is willing to suffer the cost in order to get these 10-20 rooms off his back. In order to leave allowance for negotiation, in his communication with other hotels he quoted that he needed 5 rooms initially whilst the hotel was overbooked by 30 rooms, just to leave some doors open and avoid losing face in case he did not send the customers. In this case, the manager purposely chose not to involve the supplier at all, as he requested the charge to be made to his hotel directly. As he notes:

‘The right thing, of course, is to inform the T.A. and let it handle the situation. It is even better if the T.A. contacts their customers and ask them if they accept this change. However, in that case, from 100 customers, only the 10 may accept. This is not the best way to do business though... definitely it does not help if you involve many people’.

The above examples demonstrate how the hotel managers preserve some of their work duties, something that helps them develop their capacity to negotiate with external agents. Such political behaviour is necessary, as their firms have very little valuable resources to trade with the suppliers. The managers know (as seen in the constructs) that their firms are at disadvantage, being fragmented, in a saturated market, and reliant upon a few mediating organisations (the suppliers) in order to reach their markets. Thus, they try to compensate for having very little to negotiate with by making sure that they negotiate for whatever resources they have.

#### 7.3.4 The yearly work cycle

The observation data provided an overview of the hotel managers’ detailed inputs in real time, as seen in daily work activity. The results of this analysis were juxtaposed with the managers’ common knowledge and they were found to support their firms’ value-generating strategies, leveraging with their bargaining power. This section provides an overview of the hotel managers’ annual work cycle, complementing the observation data and allowing for a more rounded view of their

inputs. Hotel businesses operate on a repetitive annual cycle, within which the managers' activities are expected to display variations. The observation that took place is representative only of the hotel managers' work during the tourist season, which accounts for half of the operating year.

The hotel managers' annual work cycle is shown to be closely linked to the hotel firms' repertoire of recurrent action patterns. During the operating season, hotel managers are preoccupied with the day-to-day operation of the hotel, whereas in the off season, they have enough slack to be concerned with the renewal of their hotel unit. At fixed periods, hotel managers would follow specific activity patterns. At the end of the season, they would pursue outstanding accounts with other hotels and T.As; prior to the beginning of the season, they would chase the T.Os for the booking position lists and, at the start of the operating season, they would intensify their network interaction in order to get group bookings for their hotel.

Compared with the observation data, the hotel managers' annual work cycle demonstrates the more outward oriented nature of their work. Their interaction with the external environment is more prominent here, shown by the setting up of partnerships with mediating organisations, T.As and T.Os, through contracts in order to reach their markets (Construct 9). Similarly, they participate in tourism exhibitions (Construct 6) 'to see and be seen', allowing them to network and familiarise themselves with other organisations across the supply chain.

Through this lens, the hotel managers' work is not only outward oriented but also more proactive. Their interaction with the external environment on a recurrent, predictable manner aims to manage and control selected elements in that domain. For instance, they deal with the scarce information environment of their firm by chasing the T.Os during the off-season in order to get the booking position lists and adjust their sales strategy accordingly. With this practice, they aim to maintain the information flow, knowing that without prompt, the T.Os will deliberately delay their distribution in order to further increase their bargaining power over their partnering hotels. At the end of the season, we observe the hotel managers' efforts focusing on closing any outstanding accounts with their suppliers. Since many of their peripheral suppliers are incapable of paying their outstanding balance to the

hotels in due time (Construct 8), the hotel managers leave allowances and use it as leverage to negotiate their future terms of collaboration and secure their suppliers' commitment (Construct 13).

Therefore the inquiry on the hotel managers' annual work cycle complements the observation by unveiling practices which are not readily observable, and delineates the boundary spanning elements of the hotel managers' work. In particular, it shows that the recurrent practices they engage in aim to influence and control aspects of the external environment, something which does not appear in their observable, daily work activity.

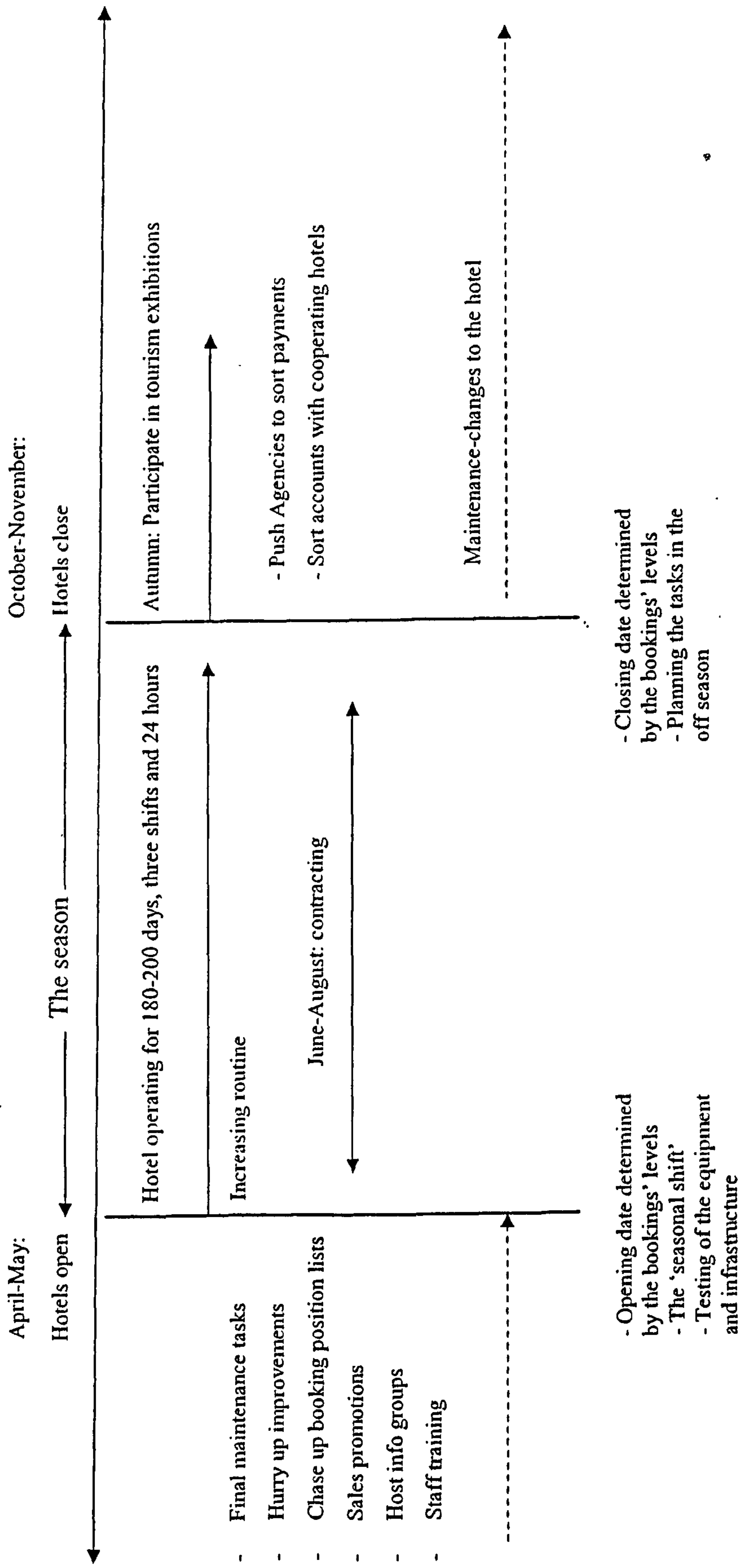


Figure 5: The yearly work cycle

### *The tourist season*

During the tourist season, the hotel managers' work has all the features demonstrated by the observation. According to the hotel managers, the nature of their work throughout this time essentially remains the same, focusing on dealing with day-to-day issues and performing certain routines:

(Db) The work during the tourist season May-October is fixed, you cannot deviate a lot unless something urgent occurs. These six months are all about the hotel's operation and contacts with agencies, nothing else... This work is done every day. Now if something urgent occurs such as a technical problem it does not exactly mess your programme, you just need to deal with it.

Contracting also takes place during the tourist season, typically starting from June till August. No particular pattern governs when the contracts are signed, but as a rule of thumb, the contracts that are taken care of first are those with the major partners; however, contracting may be hastened by the hotel managers when the signs of tourist demand are favourable or delayed if they are not favourable. It also depends on the markets. Typically, the contracts for the English market are signed earlier in April-May because the suppliers (T.Os) produce early editions of their travel brochures. Conversely, the contracts for the French market can be delayed until September, because the French T.Os delay the distribution of their brochures.

### *End of season*

At the end of the tourist season, the management does the groundwork for closing down the hotel and plans the tasks required in the off-season. As soon as the hotel closes down, the management start to sort out the outstanding accounts with other hotels and T.As. During the tourist season, they deal with the balance of overbooked rooms with collaborating hotels. The management always leaves some allowances for receiving payments from the T.As (Construct 13). By the end of the calendar year, all these accounts must be dealt with.

One characteristic aspect of the closing down process is the ceremonial dismissal of staff. After the hotel closes, the staff meets with the management to receive their last paycheque, but the whole purpose is for both parties to exchange information about their intentions for the next season. The ceremonial dismissal of staff is the first step for recruiting for the next season, allowing the management to identify staffing needs. This practice enables the managers to plan ahead and avoid the limitations of the local labour pool, which are particularly constraining for lower category hotels (3\*) and hotels on the south axis of the island (Construct 4):

(Db)... just after we close the hotel they come here to get paid. Ourselves we have already planned our staffing needs for the next year, what raise we will give, what changes we will make and we inform them before they leave because some of them they may not like it and may decide to leave... We have to know so that we can search elsewhere. If they want to stay for the next year they apply at the same time and we know what we have to do next... we talk about what is going to happen the next year but till 31<sup>st</sup> of January we must have clarified who is working and who is not

Closing down the hotel in October is a process which involves the closure of departments and the gradual decrease of staff numbers according to the decrease in the overnight bookings. In other words, it is the gradual closing of the hotel. The actual date the management chooses to close down the hotel depends on the (projected) occupancy rates, and is always in collaboration with the suppliers:

(Aa) when the flow is not what it's supposed to be, in the beginning of October I will inform the T.As that we close the hotel at that particular date. As the agencies have other alternatives they don't care much if I close earlier 15-20 days let's say but if there are 500 people they have to take to other hotels, they will not like it

In previous years, however, hotels used to stay open and disregard the occupancy rates, something that indicates the financial pressures marginalised hotels currently face. Under normal circumstances, the management would prefer to keep the hotel

open to accommodate the supplier's customers, even if they were very few in number, thus demonstrating their commitment to the partnership. The fact that they cannot do the same thing now reflects the pressures marginalised hotels face, forcing the management to change their practices.

### *The off season*

The off-season, in the winter, is devoted to the renewal of the hotel, concentrating on maintenance and other improvement tasks. The planning for these tasks, in particular, starts before the end of the tourist season. The changes made to the hotel unit can be prompted by customer comments or complaints during the season or by the suggestions or demands of the hotel's suppliers. Time consuming tasks typically start first, such as building work, whereas regular maintenance tasks can be postponed. During the tourist season, the hotel's operation is continuous. but during the off season, the schedule changes to one shift only. Someone has to be in the hotel at all times to answer incoming calls or correspondence for queries, reservations etc. Managers and hoteliers also need to be there to supervise the maintenance and other work that is done in the hotel. They also ensure that enough slack is left in their programme for unexpected issues/problems that may arise. In order to maintain a fair amount of control and deal with the reliability problems of external contractors, hotels keep their own maintenance department on duty throughout the year.

In most cases, managers attend a number of international tourism exhibitions, either as participants or visitors. Most important are the Berlin exhibition in Germany (May) and the World Travel Market in London (November). While participation in tourism exhibitions in the past entailed direct sales, now it is primarily for networking. The purpose of attending tourism exhibitions now is 'to see and be seen' and not to directly make sales.

With regards to bookings, it is common practice among the T.Os to publish a list of the bookings they have received by hotel. These are known as booking position lists. During the tourist season, they are updated and distributed monthly. Prior to the tourist season, they merely offer a faint picture of the demand. It is imperative,

though, for hotels to have such information to be able to compare with the previous years and plan their actions, such as whether or not to make promotional offers, when to open the hotel etc. One common trick of the trade used by the T.Os is to delay the distribution of the booking position lists in order to create an artificial climate of uncertainty. It is the hotel management's task to then chase up such information in order to avoid panic situations:

(Bb) In February we start enquiring about the first data, because this is the period when we receive the first data such as the booking position lists, booking forecast etc; the deadline for some early bookings ends and the agencies are obliged to give them to us; but they do not usually send them unless we start chasing them... The booking position lists start coming out every month after the season starts. Usually the game is played on when they will give the first booking position. It depends on the season. For example, the Germans last year, which was a very good year for the German market, gave the booking position lists in January; this year we received the first booking position list end of March. Of course, the longer they keep hidden the booking position lists and they do not give them, they can negotiate lower prices, this is a typical kind of pressure they use, because they say 'what do you want us to give you? There is nothing going on the market, everyone has bottomed down and we need lower prices to improve the situation' etc and other typical excuses of theirs.

### *Start of season*

The start of season is characterised by a sense of urgency; urgency to finish the remaining maintenance and improvement tasks and to generate sales in this typically low demand period. The actual period when hotels open varies from the end of March until the beginning of May. Typically, the prime hotel units will open earlier (4\* north resorts). What is more interesting, though, is the opening pattern from year to year. 4\* north resorts will not change their opening dates dramatically because they typically have higher room rates and they can operate with low occupancy rates without the fear of bearing losses. It is also a matter of being good to their suppliers. Instead of asking their suppliers to transpose the bookings at a



later date and take their customers to other hotels, they would rather open earlier and help the suppliers accommodate those bookings. This practice simply cannot be followed by the marginalised hotels. The 4\* south resort will open every year at the beginning of May; there is never more than 1-2 days variation. By opening late, the management ensures that the hotel has sufficient occupancy rates to operate above cost. 3\* resorts will determine their opening date by monitoring their level of bookings and transfer their opening date accordingly when bookings are too low. They simply cannot operate above cost with low occupancy rates.

The opening of the hotel normally signifies the end of the maintenance and improvement tasks; however, hotels of higher category and capacity can carry on those tasks 'behind the scenes', whereas lower category, lower capacity hotels cannot do that because they would have to operate at reduced capacity and would eventually underperform. April and May are generally the 'settling down' period, the intermediate stage within which a hotel starts operating under its capacity, but eventually operates at full strength, which may include the opening of several sections or departments of the hotel.

Sales promotions often start at the beginning or prior to the tourist season. That is because tourist demand at the beginning of the season is always expected to be low and inconsistent. Based on early signs, managers need to decide the extent of such promotions in order to minimise their potential losses. Such decisions are usually taken early in March as, in order for promotions to take effect, they need to be given at least one month in advance. Hence, in March, when the hotel opens, it is reasonable to give the first special offers. This is sustained by the very short release period and the last minute bookings, which characterise the beginning of the tourist season.

#### *Variation: City hotels*

City hotels, by definition, do not follow the operating cycle of resort hotels; however, during the summer season they do work like the resorts, based on allotment contracts. The major difference is the average stay of their customers which, in the case of city hotels, is much lower at an average stay of two nights.

Inevitably, the operating pattern of city hotels is a consequence of the operating pattern of the resort hotels. During the tourist season, they attract the customers and groups who make short stays, in the off season they monopolise the market. This shift is gradual, as resort hotels gradually close during October-November.

City hotels have a more diverse clientele than resorts, ranging from tourists, business travellers and clients who rent the premises for events. In the summer season, the clientele is predominantly tourists; after the shift in October they tend to work mainly with business clients, although these represent a steady current throughout the year; and from January till the beginning of the tourist season, they tend to work with groups of travellers. It can be said that the 15<sup>th</sup> of October till 15<sup>th</sup> of December is a dead period. The management give the staff a vacation, as this is the only period when the workload is reduced.

At the end of the tourist season, the management has to sort out the outstanding accounts with agents, just like the resorts. In a similar manner, managers need to chase up the payments:

(Eb) I go there every day until they get fed up with me and say: 'come tomorrow and I will give you a cheque'. I have to check these things all the time. How I have a 200,000 euro debit and I have to collect these money by the end of December. They do not come by themselves; no one will say 'come over to get paid'

Even though maintenance work is carried out throughout the year in city hotels, no major changes/improvements can be made, as they would disrupt the hotel's ongoing operation. Dramatic changes in city hotel units are less frequent for this reason.

#### *Variation: The Polar Case*

The specialist operates in a manner similar to a city hotel, as it has an ongoing operation; however, it does have a wider variety of additional departments that convert to the winter-summer, summer-winter operation. Consequently, in

September-October, the management prepares for the winter operation, which starts after November. That is the preparation of the themes of the excursions to the museum, of the operation of the summer tavern, the theme of the hotel, how it is going to work, with what personnel and with what partners. Of course the variety of additional departments is reduced in the winter (off season for the resort hotels):

(1a) In December we are within the winter operation, whatever events that are in December are organised since November and with the New Year we do the preparation for the summer, meaning that we look what are our needs for maintenance. We also advertise positions for staff. In February-March we have the last contacts with the agencies and whatever contract is that we have not signed we do it that period ... the café stops working, the workshops are either way rented out, the textiles shop is open only when there are organised tours and the tavern operates 5 days a week with live music in the evening and the big tavern operates on request when there is an organised event

Contracting is delayed in the specialist hotel, not because of its nature but because it works mainly with the French market, which tends to delay the distribution of travel brochures.

## PART III

### 7.4 The organisational lens

The previous analyses showed that the hotel managers contribute to the strategy of their firm mainly by managing their suppliers, who are indispensable; it is only through them that the hotel firms can reach their markets. Their efforts, however, are stymied by having few resources to trade with the suppliers, and thus, they have very little bargaining power with which to achieve their goals. As a consequence, the hotel managers concentrate on building a positive history of collaboration with their suppliers and emphasise their symbiotic relationship. The ethnographic lens further showed that the hotel managers support their efforts to leverage their bargaining power through their everyday activity, as well as through recurrent temporal practices.

This third part of the findings presents a normative view on the formation of the hotel firms' strategies, concentrating on the interaction between the environment and the firm, as well as the outcomes that are produced from this process. It therefore serves to verify the results of the managers' contribution by looking at what is actually produced at the organisational level. This is achieved by focusing on the hotel managers' accounts on given uncertainties (changes in the external environment) and given outcomes over time. As such, it also complements the previous analyses by presenting a more dynamic picture of strategy formation. The managers here are taken as the medium between the environment and the hotel firm. As a result, the data presented attempts to simulate the hotel firms' responses to a changing environment through the reflections of the managers.

This analysis is based on two, supplementary to the main interview sessions (see Methodology, Section 5.3), which tried to simulate the hotel firms' responses to a changing environment over an extended period of time, through the hotel managers' reflections. The first inquiry (Section 7.4.1) focused on how the managers perceived changes in the external environment, or in other words on how they dealt with uncertainties as a result of the changing environment. The second

inquiry (Section 7.4.2) required the managers to explain how some prespecified organisational outcomes have changed over time and why. Both inquiries are structured, aiming to obtain more accurate and thus, more comparable data amongst the cases.

#### 7.4.1 Responding to changes in the external environment

The inquiry on the managers' interpretation of issues shows that the hotel managers concentrate on those issues that are within their locus of control, and those that are linked to external agents, with whom they have a channel of interaction. This reflects their focus on the more controllable domain of the external environment; in this case, it is the domain controlled by their partnering suppliers. The results confirm what was presented in the constructs: a preoccupation of the hotel managers with managing their suppliers, which act as mediating organisations between the market and the hotel firm.

In particular, it is found that the hotel managers give attention to issues that are part of their transactional language with their suppliers. The issue of the single currency, for instance, was found to have changed the balance on their negotiating table, simply because it had a significant economic impact on the hotel firms' markets. Similarly, the trend of the shortening of the travellers' booking times creates a climate of uncertainty for the hotel firms, which may be perceived as a decrease in demand. Both issues were found to be used by the suppliers to further leverage their bargaining power. Thus, the hotel managers' emphasis on such issues that have a direct and/or observable impact on the demand from their markets makes sense, knowing that their negotiations would be based on predictions about demand, which in turn are grounded on their markets' capacity to buy their product. On the other hand, one-off events that do not impact their markets are considered to be short-lived, with only temporary effects. Even the September 11<sup>th</sup> events were deemed short-lived by the hotel managers, with imperceptible impact on their hotel's performance.

Other issues, such as the phenomenon of seasonality and the decrease in the travellers' average stay, do not appear to be in the hotel managers' focus of attention because they do not affect the hotel managers' dominant tactics of managing their suppliers. The seasonality phenomenon, for instance, is considered by the hotel managers to be outside of their control, being attributed to the actions and interventions of the state. Also, the decrease in the travellers' average stay did not register as something important to the hotel managers of resort hotels. As their customers have two fixed stay periods in their hotels, any such decrease manifests as a decrease in demand rather than anything else. This trend was, however, observable by the managers of city hotels, whose customers have irregular, non-fixed stays, forcing them to alter their target markets and their product/price mix.

The consolidation in the travel industry had a definite impact on the power relations between the hotel firms and the suppliers. While there is the obvious outcome of the supply side turning to oligopoly, increasing significantly the bargaining power of the suppliers, the issue that was uppermost for the hotel managers was the dissolution of their history of collaboration with their existing suppliers, who happened to be affected by the changes in the structure of the industry. In effect, the changes temporarily suspended the hotel managers' capacity to negotiate on the basis of their firms' reputation in relation to their suppliers.

These results, which are presented more analytically below, demonstrate that the hotel managers attend to issues with which they are already familiar and upon which they can act. Thus, their response to changes in the external environment is dependent on how they categorise the issues they face. It is seen that many of the issues they encounter as the result of changes in the external environment are not within their focus of attention. They are likely to select them out, considering them peripheral (one-off events that do not impact their markets), inevitable (attributing many of the ills in the sector to the role of the state) or beyond their control (treating economic factors as the primary cause of impact to their business and rationalising the actual impact as 'normal' by comparing their firm to other hotel firms). As a result, the beliefs the hotel managers hold are in essence a cognitive simplifying tool that allows the managers to focus on what, in their view, matters most.

### *September 11<sup>th</sup> events*

The September 11<sup>th</sup> events were expected to have a significant impact on the hotel sector. Having created a chain of consequences such as increased security measures at international airports which, in turn, pushed the airport fees upwards; increased insurance for airplanes; an increase in the oil prices (which was sustained by the subsequent military actions that followed), they formed the preconditions for a particularly negative climate in the local hotel sector.

The hotel managers' responses, however, indicated otherwise. In their understanding, the September 11<sup>th</sup> developments were another, short-lived event whose worldwide impact had affected people's travel preferences. Even though the September 11<sup>th</sup> events preceded the following disappointing season, they were not directly linked to the outcomes of the season. Furthermore, despite the fact that T.Os in 2002 requested renegotiation of the existing contracts and delayed downpayments, the hotel managers suggested that it had to do with the performance of the previous season and not with the September 11<sup>th</sup> events:

(Db)... we cannot credit only the September 11<sup>th</sup> for that. We had wars and other terrorist attacks which have definitely affected the industry. You must remember the threats of Bin Laden, who was saying 'I am going to do this and that and beware of the wrath of our warriors...', it was the whole aftermath not some isolated events

(Eb) This is part of a crisis we face every year. One of which is the people's fear to travel by planes...

(Aa) What happened on the September 11<sup>th</sup> was unpredictable and affected a lot but, in general, the causes lie somewhere else.

(Ba) The T.Os reappeared in 2002 asking for discounts, delaying the down payments they had to pay, requesting renegotiations of the contracts, especially with those with guarantee agreements... They could not put pressure on me, they could just delay some down payments and that is all.

These responses are unexpected for an event of this magnitude; the hotel managers do not appear to register it as something with lasting impact. This is, however, representative of the hotel managers' views of other developments in the industry (Appendix 5) which, according to them, have only short-lived effects. A common denominator that typifies their perception is that such developments are not attributed to observable outcomes:

(Hb) These are insignificant events... They affect us but not much and for short period of time, they are overcome

(Ba) This was something amongst others. It came to add to the negative climate. We said about the introduction of the euro and the general expensiveness, the echo of the September 11<sup>th</sup> events, in addition we had a noise about the virus last year in May, which took alarming dimensions because of its publicity, which was not justified and unacceptable in my opinion, plus the rumours about earthquakes which started developing last year in May with dilemmas like 'we will have, we will not have earthquake in Crete' ...All these worked against the tourism industry and, in our opinion, they are responsible for last year's bad results.

(Ca) Ah yes, although I think this came and left unnoticed. There was a buzz for a week or so but it did not affect us. By talking to our guests, we found that it was not something that had particularly scared them. Although they were aware about it they were not sceptical in any way about it.

### *Single currency*

The introduction of the single currency is a development with a profound financial impact in the hotel sector, which affected the demand for destinations within the euro zone. From the supply side, the switch to the euro currency did not allow the tour operators (T.Os) to use one of their common tactics: to get discounted rates by paying in advance with foreign currency, allowing them to buy local currency at a cheaper rate. In addition, it signaled the end of monetary-related state intervention (i.e. devaluing the currency to improve the trade balance). This is in addition to the fact that the state cannot sponsor charter airlines for bringing tourists in the low seasons due to the regulations for unfair competition within the EU.



The hotel managers, however, emphasised the effect the single currency had on their operating costs and the pricing of their hotel product. In particular, the hotel managers noted that the single currency started a hidden inflation, which inevitably increased the operating costs of their hotel:

(Ba) We saw with the establishment of the euro last year, and with the hidden inflation, many hoteliers increased their prices as well as the T.O., who also took advantage of the situation. The T.Os stopped making their catalogues in DM and they changed them to euro, getting the opportunity to increase their prices... Last year we saw quantum leaps in the prices in the T.Os catalogues. The T.Os justified this increase, of course, because of the events of the September the 11<sup>th</sup>. They claimed that the increase in their costs was due to increases in the flight costs, because the airport tax is increased, because the security costs in the airports have increased...

(Ha) With the coming of the euro, the prices of goods went sky high. The effect it had on us is that it increased our operating costs, and this was something we had to compensate for by renegotiating our contract rates and by revising aspects of our offering. In our case, we tried to increase the revenue from the extras...

In most cases, the introduction of the single currency was considered the main reason for the recession in the industry. More specifically, as the hidden inflation reduced the disposable income of people in many European countries, it affected the demand in key markets. Most of the respondents noted the impact the single currency had on the economy of Germany, leading it to a recession, which was the main cause of an overall decrease in demand.

(Ab) It resulted to financial problems to some tourist markets, especially Germany which affects us even more

(Db) It was the recession in Germany that affected us the most, which we observed after the coming of the euro

(Eb) I consider first the global economic crisis and especially the crisis in Germany which started from the merge of the western with the eastern Germany.

(Hb) This is the biggest problem for Greece (recession in Germany)...Especially for Crete, Rhodes and Kos which rely predominantly on the German market. Therefore when Germany sneezes, Crete catches a cold.

The above responses demonstrate the attention hotel managers give to the economic-related factors attached to issues that may affect their markets. Even though the introduction of the single currency had a clear financial impact on hotels by a subsequent increase in their operating costs, the managers tended to emphasise the economic impact it had on their markets. The relevance of those economic factors is taken for granted by the managers, as they are brought to their attention by their suppliers:

(Ab) Their (the suppliers') biggest argument was the euro, for the German market first of all. There is a big problem in Germany's economy... Last year Neckermann cancelled 150 hotels off its programme. Why? Because the previous year it had 100,000 people and last year it had 70,000. This year it wants to cancel more hotels. Why? Because it did not have 70,000 people but 60,000. We move away from variables of the kind 'we do not have a good airport'. All these count, but they are last part of the chain. The first parts of the chain are suffering now, the predisposition and the capacity of people to travel... which is the result of the recession

(Ba) For the British who have not joined the European currency zone, their pound has lost value against the euro. So we have lost the advantage and we are left with a disadvantage, at least in terms of the viability of the tourism sector. This is a negotiating advantage of the British T.O. who say 'look fellas, we cannot accept any increases because our pound is losing value, and since we express our price in British pounds we are more expensive and we should not increase our prices because then we will become prohibitive for them'

This tendency of the hotel managers to concentrate on the economic factors that affect their markets can be interpreted as a prioritisation mechanism, whereby the managers acknowledge what matters for them the most. It is those economic factors that affect their markets and form the basis of their transactional language with their suppliers (see also Construct 9), something which is reflected here. As shown in construct 9, contracting is primarily a tool used to assert the hotel firm's relation with the supplier and maintain a formal partnership. The contract is used as a rule of thumb for future negotiations; therefore, the hotel managers seek to negotiate the same or better contract terms in the prospect of future returns.

The hotel managers' responses on the issue of the single currency confirm what was implicitly asserted by the managers in discussions related to their negotiations with their suppliers. These negotiations are based on a transactional language that is related to the status of the demand. The hotel managers rely primarily on their suppliers' information regarding the status of the demand and, as it appears to be, such information is grounded on 'evident' economic factors. This conclusion provides further grounding for some of the hotel managers' practices. The necessity of their participation in tourism exhibitions, for example (Construct 6 & Section 7.3.4), becomes more evident, as they need to attain a first-hand understanding of the situation in their markets, a knowledge they apply when negotiating with their suppliers.

### *Consolidation in the travel industry*

Consolidation in the travel industry started from the mid 1990s and had an observable impact on hotel businesses. Depending on their organisational circumstances, hotel managers perceived it as a period of uncertainty, even if they were not negatively affected by it. As many have put it, in the past, the transactions with the suppliers were more broadly distributed across a higher number of big players and peripheral suppliers. Now many of the peripheral players have become extinct and the number of big players has reduced to just three. The impact on their firms is that they have to rely on a small number of suppliers to penetrate various markets, whereas before they had different suppliers specialising in their target

markets. The way things are now, the hotel managers target suppliers and not markets:

(Gb) The big T.O. started acquiring the smaller ones; for example TUI bought Thompson and Thompson bought the local agent Zeus. It did affect us in the sense that we do not talk anymore with 4-5 different agencies but with one. Before we used to have 4-5 different alternatives and now we have only one. Before we could penetrate different nationalities, French, German, English and so on by dealing with different agencies, now we wait one agency to bring all these nationalities to our hotel.

(Ha) You cannot go against a big one because the big one has amassed some markets and if you do not get on well with the big one, you do not get on well with the rest of its branches. While the small one has a particular market and you can have better cooperation

(Aa)... in the past there used to be 5-7 big ones (agents). Most of them are now gone, they are removed from the market. They do not control the strings. They had their chance to do so and have a say in the industry but they lost it and the control now is in the hands of the 'outside players'. The locals are only a showcase, now they do not even sign the contracts on their own.

The consolidation in the travel industry affected the contractual relationships between the suppliers and their partnering hotels, for better or for worse. During the mergers and acquisitions that followed during the 1990s, many of the hotels' suppliers changed representatives (T.As), something that caused disruptions in the hotels' collaboration with their suppliers:

(Gb) Another effect of these mergers and acquisitions is that we lose some of our contacts; because if you cooperate with some people for a long period of time, it is normal to have built a friendly, trust relationship. Now if someone buys off this agent and new people get in, then you lose you lose your previous contact and you have to start all over again from the beginning and become acquainted yourself to the market again and this

takes time. At the meantime, while you do all these efforts to approach the new people, things change and there we go again.

(Eb) I never worked with TUI, I could not attract them... since they acquired my major supplier, we started anew... Needless to say that it is better now that I do not have to deal with small agencies which are problematic in terms of getting the payments, whereas TUI is a guarantee and you know that you will get your money.

This development had an apparent impact on what has been described in construct 12 as the symbiotic relationship between the hotel and its suppliers. The symbiotic relationship is nurtured by the history of transactions between the hotel and the suppliers, which is in turn based on the interpersonal relationship of the representatives of each party. As shown in construct 12, the hotel managers capitalise on their conformity to the requests of their counterparts by portraying them as personal favours, which feed the history of collaboration between the two parties, and upon which they can draw in order to ensure their suppliers' commitment to the partnership (Construct 13). This relationship is based on the managers' common knowledge that contractual formalities do little to ensure the cooperation of their partner. Throughout the period of consolidation in the industry, the hotel managers have seen the supply side turn to oligopoly, something that gradually reduced their bargaining power. In addition, in the majority, they lost a great deal of their ability to draw upon their history collaboration, as they had to start building it anew.

### *Shortening of booking times*

The trend of travellers to book their vacation ever closer to the actual date of their travel appeared in the 1990s and one can say that it coevolved with the increase in tourist accommodation. The core of the problem, according to the hotel managers, is that 'everyone can now find the accommodation they want, whenever they want'. Surprisingly, the managers do not attribute this trend to the technological developments and the new distribution channels of the last 10 years. For instance, the effects of the internet and online sales are not directly related to the shortening of the booking times:

(Eb) IS IT BECAUSE OF THE DEVELOPMENTS IN TECHNOLOGY AND THE DISTRIBUTION SYSTEMS?

Of course this plays a role, but it is also the financial crisis, the unexpected events and when the people were planning their vacation early in Christmas now they leave it for the last moment because they do not know the situation in the future. That is because they have paid dearly in the past by cancelling their packages and now they say I am not doing the same mistake. We no longer have the booking position lists in January that showed the activity till August; these are gone, they have disappeared in the last 2-3 years.

The hotel managers correlated this trend with the continuous growth of the accommodation offer in the local hotel sector, as well as parallel increase of the accommodation offer on the international scene. Objectively, the excessive accommodation offer, both at regional and international level, has resulted in a sector where hotels are in almost perfect competition, and a market which is more price elastic, with no destination or hotel loyalty. Because of the subsequent increase in the competitive rivalry amongst hotels, they have tended to resort to short-termist promotional practices, which became institutionalised over time:

(Ab) We have helped them a lot on this thing by giving special offers like peanuts and the customer who books in the winter pays more than the last minute customer for the same hotel, same facilities etc, it makes it easier for them to book in the last minute and they wait for the special offer to make their booking. It is us who spoiled the market

AND YOU CANNOT HOPE IN LAST MINUTE BOOKINGS (WITHOUT MAKING SPECIAL OFFERS)?

No, because our colleagues have already given their offers and the customers will go to them. If I do not give a special offer I will lose those customers... The neighbour has already given the offer. If I do not give one I will lose, because then it is only a matter of price.

The shortening of booking times has created some obvious planning problems for the hotels in the local sector, as the managers now have a much less clear picture of the demand. As they claim, this has been the reason for their short-term, promotional/pricing tactics (see also Construct 5). In previous analyses (Sections 7.3.2 & 7.3.4), there is evidence that the suppliers deliberately delay disclosing the bookings' status to the hotels in order to create an artificial climate of uncertainty and reduce the hotels' bargaining power. Therefore, the shortening of booking times is not just a trend, but an aspect of the power game played by the hotels' suppliers. Hotel managers can, however, respond by focusing on indicators that are intrinsic to their firm (Construct 11), making predictions about the level of demand based on their past performance data and their history of collaboration with their suppliers.

#### *Decrease in the travellers' average stay*

The decrease in the average stay of travellers has been experienced by city hotels, which have seen the average stay decrease gradually from the beginning of the 1990s. It should be noted that the tourism growth on the island boomed after 1975, when the island's airport became international. At that time, only a few city hotels were available to satisfy existing demand, and they played the dual role of a city and a resort hotel. As the number of resort hotels was increasing dramatically, particularly since the early 1990s, city hotels could not play that dual role anymore and were confined to particular niches. The city hotels' stats show a gradual decrease from the early 1980s until the present day, from an average stay of 12 days to slightly less than two days.

Managers in resort hotels do not experience this decrease, as customers always stay either one or two weeks. As a result, the decrease in the travellers' average stay manifests as a decrease in demand

(Ab) I have not observed that. Maybe because now they do not plan their vacation as they used to, they split their vacation of 14 days normally into 7+7 or 7+4

(Db) we always sell 7, 14 and 21 day packages and these depend on your target market. The family for example will always stay for two weeks. If it is September-October when we have many elderly pensioners again they usually stay for 2 weeks. In June we have people who want to have a short one week vacation. It depends on who your customer is. You will not see packages under 7 days. First of all it is not beneficial for us to offer less than 7 days accommodation

Contrasting the above results with the managers' perceptions of the switch to a single currency, one can infer that the managers do not appear to be concerned with the decrease in the travellers' average stay. The decrease may be unobservable from their standpoint, because it is something that does not affect their typical strategy of maintaining their position by commanding the same or better terms in their contracts (Construct 9). While the switch to a single currency changed the 'rules of the game' as the situation in their markets was inverted, resulting in what the suppliers claimed to be a decrease in demand, the decrease in the travellers' average stay did not concern the hotel managers (bar those of city hotels) because it did not seem to be part of their transactional language.

### *Seasonality*

Seasonality refers to the tendency of the tourist season to shrink over time. The problem of seasonality is mainly reflected by the hotels' opening and closing dates. The hotel managers acknowledge that this phenomenon is the result of the largely undifferentiated hotel product offerings in the hotel sector. All the hotel managers agree that the problem cannot be dealt with by their initiative alone; only collective efforts can mediate the seasonality problem.

(Ba) There is something else besides seasonality; April is becoming a bad month. By continuing to emphasise on the bipole sea and sun we do not expand but in the end we shrink. April is getting worse, SETE has conducted a research showing that over 50% of the tourist activity is during July, August, September, and this is very bad because the infrastructure of the island has to cope with that burden, whereas it is under occupied in the



winter. Therefore SETE considers as solution the penetration of new, specialised markets

(Hb) We will keep facing the problem of seasonality unless there is some collective action by the hoteliers in this region. A few years ago, the Creta Maris hotel tried to extend its operating season by staying open for longer with moderate success. You see, this city shows a very different face in the winter; it is like a dead city, most shops are closed and there is very little for the tourists to do. Also, bear in mind that the operating costs are higher during the winter; you have to turn on the heating because it's not like the summer, and you have to keep all your departments open to keep your customers happy, because there is very little for them to do outside the hotel.

All the respondents, however, attributed the problem to the state's inability to support the national tourism industry. For them, the seasonality problem is an inevitable consequence of the inability of the state to provide a good infrastructure to support a healthy level of demand. In addition, there is a general disbelief regarding the state-controlled bodies' ability to promote the destination effectively, and this is something that has been amplified by their continuous failures and the inadequate results of their actions. The hotel managers often noted that state initiatives and interventions are irrational and out of place, and characterised the role of the state as competitive and not supportive towards businesses in the hotel sector:

(Fa) No director of the GNTO stayed more than one year in the position. No matter how competent the director is, he does not have enough time to make any progress and display the fruits of his vision

(Eb) I feel sorry to say that our GNTO still owes the rent for the Berlin exhibition in 2001 and last year they almost lost their chance to participate again in 2002.

(Db) State initiatives fail because of the bureaucracy, inefficiency and corruption... We cannot expect anything on behalf of the state.

(Bb) The problems we face as a hotel in this industry have to do with the way they are treated by the state, sometimes competitively and deal with its

inefficient control and irrational procedures... The end result influences our customers' satisfaction, as whatever they find wrong in the outside, they bring it with them in the hotel... The state lacks the control mechanisms to force hotels to comply and sometimes it falls victim of its own irrational behaviour.

A closer look at the hotel managers' responses, however, shows that they can be separated into two groups. One group, mainly the managers of lower (hence smaller) category hotels (the exception is the 3\* city hotel), emphasises the lack of support and incentives from the state; the second group of managers of higher category hotels emphasised the infrastructure problems. While both attribute the burden of their problems to factors external to their business (in this case the inability of the state to support them), the managers of lower category hotels appear to require more support, expecting favourable intervention from the state. So, while the second group prefers to see the state create the preconditions for improving their business' operation, the managers of lower category hotels demand more direct support in the form of incentives, displaying a more fatalistic behaviour.

An objective view on the issue, though, would discover that the problem of seasonality has escalated over time, following the increase of the accommodation offer in the local, as well as in the international, scene. In addition, the island has access limits limiting the number of tourists it can hold. In particular, the capacity of the one and only international airport on the island is severely limited and cannot handle more traffic during the tourist season. Therefore, the increase of tourist accommodation cannot be supplemented by an increase in tourist demand.

(Ba) DO YOU SEE ANY POSSIBILITY OF THE DEMAND BEING MAGNIFIED AS WELL?

Not with the current infrastructure. Now it is not easy. For example the Heraklion airport is saturated, it cannot handle more traffic. Especially during some days of the week. I will give you one good example: some specialist T.Os requested 14-day packages, provided that the customers would have the opportunity to go to Athens for 2 days and watch the Olympic event they are interested in. That extra takeoff-landing cannot be

handled by the airport. It can handle only charters that bring people who stay in the island for 10-14 days and then take them back.

IS THIS NOT SOMETHING, THOUGH, THAT CAN ACT AS A LEVER TO PROMOTE LONG STAY PACKAGES?

They cannot do that, and actually there is a trend lately to shrink the vacation time, meaning the average stay... It clashes with the preferences of the customers for shorter stay. As I said earlier, a new trend is emerging where the average stay is decreasing, while the number of travels per year is increasing.

Taking this into account, the hotel managers' responses may seem narrow-minded, but they once again serve as a selection mechanism, focusing on aspects of the external environment on which they can exert some influence. As shown in the discussion of the industry background (Sections 6.2 & 6.6), there is a long history of state intervention, which aims to promote the national tourism industry. In the past, state incentives and direct interventions were more frequent and this appears to be something the representatives of the less privileged hotel firms ask for.

#### 7.4.2 Organisational outcomes

Hotel firms display an overall resistance to change, as the patterns of organisational outcomes remain inelastic over time. In addition, those patterns are, to a large extent, shared across the sample. Some patterns may appear irrational from the viewpoint of the external observer and separate from the context within which they occur, but become rational when seen in conjunction with the managers' common understanding. Through that lens, they confirm what has been claimed in the managers' constructs: the importance of developing a relational bond with the suppliers, and the need to protect the hotel firms' intangible resources: their reputation in the market and in the industry, as well as their contracts.

More specifically, the hotels' composition of markets remains stable over time. The management justifies it on the grounds that a) the firm has an established image and a customer base at the existing market/s, and b) the firm would have to terminate

the symbiotic relationship with its existing suppliers. Thus, the observed pattern has to do with preserving the hotel firm's reputation in the market and its relational bond with the suppliers. The symbiotic relationship with the suppliers, in particular, is based on the expectation that the hotel would receive higher returns from existing partners, rather than new ones (Construct 12). Having established a long history of collaboration with existing partners, the management expects to get their commitment to the partnership by drawing on that history of collaboration. Obviously, this does not apply for new partners. Following the same rationale, when building a new relationship with a partner, the management faces the problem of forecasting the performance of the partnership (through historical analysis of previous contract performance with the supplier; Construct 11), and thus the partnership becomes a risk.

The hotels' portfolio of partners would consist of at least one main supplier, to which the management would allocate the majority of the hotel's room capacity. This confirms what was described in construct 8. The main supplier/s are more likely to be big players in the industry and therefore have the capacity to generate high sales volumes to the hotel. They also differentiate from the smaller players in that they keep their financial commitments (Construct 13) and they pay their contract fee on a regular basis. The main suppliers, however, would have to pay much lower contract rates than those given to peripheral ones. For the hotel managers, this compromise is always a preferable option, showing their preference for long-term stability over short-term profit.

The favouritism towards the main suppliers, in effect, the big players in the industry, is also demonstrated by how the management allocates the hotel rooms. The hotel's main partners are given a number of rooms that often fills the capacity of the hotel. While overallocating is a common practice in the hotel sector, it is done in a way that does not impact the hotel's main suppliers. Instead, it would impact on the peripheral suppliers, with which the management does not expect long-term returns and can afford to compromise their symbiotic relationship (Construct 12). That is why the overallocating of rooms is done based on the number and the capacity of the peripheral and not the main suppliers. For the hotel's main suppliers, the allocation of rooms will remain unchanged through the year. As such, it does not

follow the performance of the contract, but rather aims to demonstrate the hotel firm's commitment to the partnership with the supplier (Construct 13); offering allowances to the hotel's suppliers for displaying low contract performance, knowing that there will be no penalty with regards to the amount of resources the hotel firm wants to commit. This observation confirms that contracts are treated as intangible resources, or assets, serving to legitimise the negotiation of the resource exchange between the partnering parties.

The hotels' traditional revenue sources are room sales and the revenue from the food and beverage (F&B) departments, which also happens to be the major cost centre. Additional revenue sources may offer a bigger margin for the hotel firms, but they are also negotiable with their suppliers. While the management cannot afford a decrease in the contract rates (Construct 9), which directly impact on the main revenue sources of the business, it can negotiate the additional ones. Moreover, we observe this phenomenon: diminishing returns from revenue sources will not prompt the management to create new streams, but instead strengthen/protect the main ones by offering their peripheral revenue sources as protection. Construct 14 shows that changing the hotel's type of operation is a means for consolidating their revenue sources into one all-inclusive package, which commands a higher contract rate.

### *Composition of markets*

The composition of markets is an outcome that is strongly inelastic over time. The hotel managers display a resistance to changing their composition of markets and confirm what has been described in construct 7. They tend to stick to working with certain markets, with which their hotel firm is well established, and those that are more compatible with their hotel firm's capabilities. It is not uncommon to find hotels working predominantly with the British market as 'the British typically spend more during their vacation', the Germans 'working with Germans is problem-free', or the French 'because the hotel product appeals more to the French'. As they noted, however, the choice of hotels was severely restrained in the last decade, as the accommodation offer became saturated, whilst market demand

stopped growing. Now, the management and the owners have to make compromises and sacrifice efficiency over profit by selecting less compatible markets:

(Bb) It is not very wise to abandon a major market. It is easier to change T.O. partner, rather than change market...it is very risky to do something like that, unless there is a change in the hotel's operation and becomes a club. If it used to work with Germans and it became a club for the French then it cuts off from the first market

(Ga) If we have the chance we would prefer certain markets, e.g. the English as they generate more revenues for the hotel

(Ab) It would be better of course if we could have a German market instead of Czech or a Polish... On the other hand how can you reject a market? Especially if they give you a good price...

(Eb) I avoid fly&drive packages because they are one night stay only and they are trouble... If we take them, we receive complaints because we do not have enough parking space... Roundtrip packages are another issue; they are groups doing one night stay. It is usually 10-20 people for a night. We have no problems with these bookings and they are always welcome

There is, however, evidence that hotel managers may compose their markets in such a way as to mediate the effects of the erratic demand (see also Construct 8); although such actions will only be taken if they do not compromise the compatibility between their firm and those markets:

(Ba) Sometimes we choose a T.O. or better the markets the T.O. deals with, knowing that the period when a market is up another one is down

(Db) The good thing about working with different markets is that you do not have much discontinuity in the reservations... I know which ones sell better over the subseasons and I manipulate them in a way so that they cover each other

### *Portfolio of partners*

The portfolio of the hotel firms' partners is, according to the hotel managers, linked to the composition of markets, especially when the hotel's suppliers request exclusivity for their markets. For example, the 4\* south resort hotel (Case D) had been working with big T.Os having exclusivity in each market. This is not the case for city hotels, since they have to deal with a lot of suppliers to compensate for the short stays of their customers. Consequently, the agent cannot guarantee many overnights or send back-to-back groups:

(Fb) No-one has the capacity to fill the hotel. First because it has 136 rooms and you cannot simply say 'I give my hotel to a T.O. and I am covered'. Here, for better or worse, because it is not good to be dependent on one T.O. alone. In order to fill these 136 rooms, we need to deal with everybody. So we take whatever comes to us, provided that it is within the boundaries of our pricing policy.

In some resort hotels (Cases H & C,) the portfolio of partners is formed incrementally over time and, in a way, through random encounters. That is when a T.O. may be interested in that particular hotel and starts a trial partnership, which may prove to be long-term. In case H, for instance, there is no stable pattern in the composition of partners. It is a pattern that is formed through random encounters and mediated by the extent of cooperation with each partner.

(Hb) This is relative; since we try to disperse our markets, we are open to everyone; we do not have the right of selection of partners. There is no fixed number... whoever passes by our hotel becomes a partner. There are some who negotiate some groups in the low season and some others who appear only in the high season. Each one takes its own share of the pie

The results also confirm what was described in construct 8, a common recipe for choosing their portfolio of partners is to have at least one main supplier, which often is a major player in the tourism industry, and a sufficient number of peripheral partners to cover the gaps. That is despite the fact that a big player in the industry

would demand much lower contract rates from the hotel, which seems like a compromise when compared to the rates given to other peripheral suppliers. It is important, though, to avoid a clash of interests between the main suppliers of the hotel firm, which is achieved by having each one specialising in a different market.

### *Allocation of rooms*

Room allocation always follows the rule of overbooking; whereby the managers overbook their hotel's room capacity, knowing that their suppliers would not 100% fulfill the contract.

(Db) You always give a 30-35% more than the hotel's actual capacity because it is not possible to have 100% contract performance from all the suppliers at the same time. The probability is one in a million. Of course you retain your right to do stop sales when you are within the release period; they cannot say anything because as they do not guarantee that they will fill the rooms, the same way you are not obliged to keep these rooms. Only if we make a guarantee deal, lets say for 20-30 rooms and they hold them for the whole season and you get paid no matter if they bring any customers or not

Over time though, two additional patterns can be seen in the allocation of rooms:

- The allocation of rooms follows the contract performance
- The allocation of rooms remains stable, as long as the suppliers retain their status as 'core' to the hotel's network

The first is a logical action, as it is a direct consequence of the performance of the transactional relationship between the hotel and the supplier, although it does not appear to be the rule in the hotels of the sample (except the 4\* resort hotel, case B). The second, on the other hand, appears to be dominant, where the allocation of rooms remains almost unchanged through the years, at least for the main partners of the hotel firm:



(Aa) It has remained the same. Only sporadically it happens that you give more rooms and take the risk but you hope for greater returns. However, we do not want to create problems in the big and stable suppliers; it is logical that in August they will request more rooms and they expect to make more profit that period. If you do not accommodate them during that period, they might create problems for you in the future. That is why we are careful on where we give priority.

As the respondents explained, the formula is to give the main partners the number of rooms that will cover the hotel's capacity and overallot the peripheral partners. This practice endured because it allows the management to accommodate all its main partners at any given time. Consequently, it has to do with maintaining a symbiotic relationship with the suppliers, adding to what was presented in construct 12. The managers would not only give priority to their main suppliers when allocating their hotel's room capacity, but also keep this allocation pattern stable over time in order to demonstrate their commitment to the partnership. Consequently, they would keep a stable room allocation pattern even if the contract performance is not as desired. In such cases, short-term benefits from opportunistic behaviour (i.e. exercising pressure by decreasing the allocation of rooms to the suppliers in order to get better contract terms) are outweighed by the long-term benefits of continued cooperation with the supplier.

This stability in the allocation of rooms is also explained through the breadth of transactions with the suppliers. For instance, a large contract would ensure the inclusion of the hotel in more brochures; or perhaps on a main page. In case D, the manager replied that with a large contract, the T.O. would send eight of its own animateurs to the hotel. If the contract was smaller, the T.O. would not bring eight, but only two:

(Db) It is also to get some extra services. For the T.O. in order to bring you 6-7 animateur to the hotel, it has to be a big contract. If I give them 50 rooms, they will not bring 8 animateurs, it will be costly, they will bring 2... in order to include you in their catalogue, you need to have a minimum allotment contract. If you want to be included in a main page you need to

have a very big contract. It depends on what you give them to sell and they promote you accordingly. For example the First Choice with which we had an allotment with 100 rooms it had our hotel in 2 catalogues. This year we are in 6 catalogues. This counts irrespectively of whether you sell the rooms or not; you just need to be there.

For city hotels, on the other hand, the allocation of rooms is of little strategic value because of the nature of demand. There, the management may retain formal contracts with certain partners primarily to be able to be advertised in the T.Os brochure. This is done irrespectively of contract performance.

### *Revenue sources*

The respondents confirmed that the main revenue source for each hotel unit is room sales (except Case I). The rooms division, along with the food and beverage (F&B) departments, are also the major cost centres. Other minor revenue sources are also subject to negotiation with the suppliers. It is not uncommon, though, to see minor revenue sources be incorporated in the standard contract agreement:

Hotel firms were expected to create new revenue sources when other revenue sources diminished. Even city hotels which lost a substantial part of their income as they gradually ceased to have a double identity as city-resort hotels (a result of the gradual decrease in the travellers' average stay; Section 7.4.2), did not create alternative revenue sources. Their response was to divert their focus to new markets, not necessarily at the level of departmental revenue sources. Case F is a typical example; from the beginning of the 1990s, the hotel had to deal with the gradual decrease of F&B sales, which followed the fall of the vacation tourism in city hotels:

(Fa) Before 1991, when it was still like a resort hotel, it had a restaurant that served approximately 100 meals a day. Today, it is forced to maintain the restaurant, maybe with less staff, maybe half, when it had 4-5 people working in the restaurant for 100 meals, now it has 2 people for 10 meals. The staffing levels did not drop accordingly by 90%.

Even though the hotel needs the sales' volumes, it cannot expect any dramatic increase. The management has to conform to the circumstances. The continuous reinvestment, which started in 1996, was meant to enhance the attractiveness of the hotel product, not necessarily create new revenue sources for the business.

In all cases, diminishing revenue sources are not enough to convince the management to take action. In order for action to be taken, decisions have to be reinforced by the hotel's network. For instance, the dissemination of success stories by other professionals in the industry creates an awareness of the potential of certain organisational actions; for example, cases A, D and H and some of those that changed their operation to all-inclusive resorts. None of them were initiators of the trend, but rather, imitators of other hotels' successful actions. The suppliers would prompt the manager to take such actions in order to increase their synergistic potential. It is observed that major changes have to be reinforced by both elements. From the managers' perspective, their commitment to action is rationalised by the belief that 'potential payoffs will be on par with those of comparable hotels' and 'they will manage to retain, or even improve, the collaboration with their suppliers'.

## **7.5 Summary of findings**

In the context of this local hotel sector, the managers appear to concentrate on their relationship with their suppliers in order to achieve the desired standards of organisational performance. While the hotel managers' aim is simple: to keep the hotel full while selling rooms at the highest possible prices, they struck upon the fact that they cannot reach their markets with their own resources and thus, have to rely on their suppliers for that purpose. The suppliers, in turn, allow the hotels to draw from their resources (e.g. promotion, sales, transfers etc) and be represented in their market through them.

It is this exchange of resources, however, that is problematic. The hotel firms have low negotiating power to make the suppliers fulfill their contract deals and are always subject to their manipulation. As a result, the hotel firms' strategies aim to

leverage their bargaining power in order to maintain and improve their performance. The managers' role is prevalent here, as they are found to be the custodian of their firms' reputation, which is the main resource they can trade with their suppliers. More specifically, the managers' build the hotel firms' reputation by developing a positive history of collaboration with the suppliers over the years, upon which they draw to command a smooth performance curve from their collaboration with the suppliers. This is something that manifests at all levels of inquiry in the findings. For example, the hotel managers would be receptive to their suppliers' requests regarding promotional offers (Construct 5) or allocating more rooms (Construct 12). In the analysis of organisational outcomes (Section 7.4.2), it was also found that the allocation of rooms for the core suppliers of the hotel firm remains stable over time, something which is used to demonstrate the hotel firm's commitment to the partnership; thus complementing the findings from the practice of contracting (Construct 9). Finally, the managers utilise this history of collaboration by drawing upon it in their transactions with the suppliers, something they achieve by retaining the exclusivity of their involvement in certain work duties in order to become the central figure through whom any external agents have to go in order to reach their hotel firm (Section 7.3.3). This enables them to negotiate, drawing upon their history of collaboration with their suppliers in every transaction they make.

In addition to the above 'strategy of collaboration', the hotel managers make efforts to avoid transferring problems to their suppliers. This is evident in the problemistic orientation of their work activity (Section 7.3.3), whereby they actively search for problems in order to be able to detect them early on and resolve them 'on the spot', so that they will not reach their suppliers. This action, however, starts from their choice of markets where they select those markets that are most compatible with their firm's capabilities (Construct 7), and thus, minimise potential problems in its operation. The same internal focus appears in the managers' constructs (Construct 6), where they build their reputation in the market, concentrating on doing in-house promotion. In turn, this helps them build a loyal customer base, and lowers the resource requirements they need to draw from their suppliers. Both the 'strategy of collaboration' and this 'strategy of minimum disruption' aim to give value to the

hotel firms' offering; a value which is always relative to the partners of the hotel firm.

One last element in the hotel managers' efforts to leverage their firms' bargaining power is their continuous struggle to maintain the balance of power between their firm and its suppliers. For that, they employ a 'strategy of negotiation', whereby they negotiate the exchange of their hotel firms' resources. The main tool they have for this purpose is the contract (Construct 9); or more specifically, the contracts they have with their suppliers, which they use as a resource. While contracts alone cannot ensure the suppliers' collaboration, they serve to demonstrate their commitment to their partnership and are also used as a rule of thumb for future deals. The hotel managers protect their contract and they even go as far as compromising their peripheral revenue sources by incorporating them in the contract deal (Construct 14 & Section 7.4.2) in order to maintain or improve their contract rates. Negotiations of the contracts are based on expectations about market demand, something the hotel managers cannot perform accurately, as they are in a peripheral network position. In addition, they are subject to receiving second-hand, distorted information from their suppliers. More specifically, their suppliers are likely to manipulate the information environment (Section 7.3.2) by withholding critical information (i.e. bookings status) in order to create an artificial climate of uncertainty. In this manner, they force the hotels to give promotional offers so they are in an unfavourable position when it comes to negotiate the contracts of the next season. The hotel managers try to avoid such 'tricks of the trade' by engaging in periodic practices demanding information (Section 7.3.4), and focus on indicators intrinsic to their firm (Construct 11), which help them to predict the demand for their hotel product based on their history of collaboration with the suppliers. Finally, they may choose to delay the contracting (Section 7.3.4) in the prospect of more favourable developments in the market.

The findings presented in this chapter strongly support the case that was made in the literature review that the managers' contribution to strategy is not only bounded within context, but also linked to their everyday activity and practices. The nature of the hotel managers' contribution is certainly related to the specificities of the local context, which represents an institutional environment whereby the hotel

managers face some common problems/issues and have specific tools at their disposal to deal with them. Consequently, they develop distinctive strategies, which are commonly accepted as being typical for competitiveness in this context. The development of those strategies is, however, inseparable from their everyday activity, which sets the scene for the achievement of the desired outcomes in a piecemeal and incremental manner. In turn, the pursuit of these outcomes can be traced through the patterns of organisational action over time. These results further demonstrate that, from the researchers' standpoint, the managers' contribution to the strategy of their firm is interwoven along multiple levels.

## CHAPTER 8

### ANALYSIS OF FINDINGS

#### 8.1 Introduction

This chapter draws together key points from the findings of the study and relates them back to the literature in order to provide an answer to the research question. In particular, section 8.2 gives the background of the context within which the managers' contribution can be understood. It is explained that hotel firms are disadvantaged, being fragmented; in a saturated sector; equipped with an undifferentiated product and ultimately reliant upon their suppliers to reach their markets. As the hotel firms do not have any valuable resources to trade with their suppliers, they try to develop value-generating strategies. In turn, value-generating strategies are developed through the management of the intangible resources of the firm (Section 8.2.1), and by building a positive history of collaboration with the suppliers (Section 8.2.2); however, their capacity to develop value-generating strategies is always negotiated with their suppliers, described here as the 'power game' (Section 8.2.3). Section 8.3 further demonstrates how the hotel managers contribute to the maintenance and development of value-generating strategies through their everyday activity. Going back to the conceptualisation of the managers' contribution to strategy, section 8.4 explains how the hotel managers deal with uncertainty, concluding with an integrative framework that encapsulates the managers' contribution in the local hotel sector (Section 8.5).

#### 8.2 The hotel managers' contribution to the strategy of the firm

The findings illustrate that the hotel managers' role is simple, with their aim being to keep the hotel full at the highest possible prices (Section 7.2). Their role, however, is limited by the nature of the business. The owners' influence is evident in the

independent hotels of the sample, which display idiosyncratic growth patterns (Constructs 1&2). Hotel business is locally confined within the locus of control of the owners, relegating the managers' role to optimising the performance of the hotel unit; therefore, their contribution to the strategy of the firm is defined by how they achieve optimisation of its performance.

When speaking of optimising the hotel firms' performance, one has to acknowledge that hotel firms are, in general terms, at a competitive disadvantage within the industry. An industrial economics inspired competitive analysis a la Porter (1985) would confirm that for the hotels of the sample. Hotels are the last link in the supply chain of the travel and tourism industry, and to generate sales they require the collaborative action of other mediating organisations. Furthermore, a hotel unit on its own does not have the resources to reach its markets, that is, in terms of promotion or distribution. For those, they are reliant upon mediating organisations, T.As/T.Os that organise and distribute travel packages, and take responsibility for promoting the hotels. While all this reduces much of the uncertainty in the hotel firms' operation, the collaborative relationship with their suppliers is by no means balanced. The fragmentation of the hotel firms in the sector does not allow any single firm to become a significant player. The local sector accounts for approximately 3,000 hotels, whereas the major suppliers of the sector are a handful of T.Os. So, while the hotels are in a state of almost perfect competition with each other, the supply side is more of an oligopoly.

Another feature of the local hotel sector is its saturation, where the managers have to deal with increasing competitive pressures. We see that the accommodation offer has kept increasing over years, despite the stagnant demand (Region of Crete, 2002). This has resulted in a gradual decrease of the hotel firms' sales, manifested primarily as the phenomenon of seasonality (the shrinking of the operating season; see Section 7.4.1). The impact, however, is more evident in certain types of hotels (Section 7.2.4); in this sample, those on the south axis of the island and also the lower category hotels (hotels on the periphery of the market) are not favoured by the suppliers and/or the consumers, pushing them to the margin.



In this context, hotel firms remain undifferentiated in their majority, being unable to secure an edge based on their offering alone. Normally, firms can secure a competitive edge when they consistently produce product/delivery systems with attributes which correspond to the key buying criteria for the majority of the customers in their targeted market (Gilbert and Strebel, 1989). These attributes, which will include price, quality, aesthetics, functionality, availability, image etc, will be offered in a package which optimises the ratio of perceived value: delivered cost. In the local hotel sector, such a competitive edge simply cannot be achieved through the attributes of their offering alone. Their undifferentiated offering and the fragmented nature of the sector do not help them to achieve any notable standing in the market, making them easy to substitute with other offerings.

Being in a fragmented, saturated sector and equipped with an undifferentiated product, hotel firms can only achieve a relative standing in the market through the support of their suppliers, from which they can draw resources and reach their market/s. On the other hand, they do not possess any rare, unique, inimitable or non-substitutable resource to trade, restraining their strategic capability (see Barney, 1991: 105). As a result, the managers' challenge is to secure the suppliers' collaboration, by making the hotel firm's offering valuable to the suppliers.

Given the common and undifferentiated nature of their firms' offering, the hotel managers develop value-generating strategies (Section 7.5), focusing not on what they offer but on how they offer it in order to draw resources from other mediating organisations and reach their market/s. Knowing that the tangible product/price aspects of their hotel firm's offering cannot warrant them any competitive edge in the context of the local hotel sector, they focus on the intangible aspects of their cooperation and delivery of their service to the suppliers. A characteristic of those intangible resources is that they are unpriced, meaning that pricing does not serve in their allocation (Lippman and Rumelt, 2003). This way, the managers avoid using the firm's innate resources to compete in the open market, but instead use those intangible resources that

exist in relation to external agents in the industry.

### 8.2.1 Managing intangible resources

Previously, I argued that the managers focus on their firms' intangible resources to leverage their otherwise low strategic capability. Their focus, in particular, is not so much on what their firm offers, as the fact that their firm's offering is one of many other undifferentiated hotel products in the market. Therefore, trying to create value by trading the tangible aspects of their firm's offering (product/pricing) is ineffective, as the scarcity of the offered resource is the necessary precondition for the creation of value (Barney, 1991). Instead, they place an emphasis on how they offer their hotel product, on the basis of: the long-term symbiotic relationship with their suppliers (Construct 12), which is exemplified by the continuity of the formal contracts between them (Section 7.4.2). Furthermore, they highlight their firm's reputation (Constructs 7, 12 & 13) and, at the same time, maintain a network of contacts within the industry, in order to protect and exploit their resources (Construct 10). The above intangible resources can be considered assets owned by the hotel firm, which are managed, maintained, and exploited by the managers.

#### *Contracts*

Contracts serve to create a formal partnership between the hotel firm and the supplier. A typical contract between a hotel and a supplier would create a formal commitment to allot a number of rooms at an agreed price (and a package of services that goes with it), when requested. Either party, however, is allowed not to fulfil its commitments, as long as it has given the appropriate notice (specified by the release period in the contract). Nonetheless, the value of the contract does not lie in the creation of obligations for each party to deliver. By establishing a formal partnership through the contract, the managers are able to legitimise the negotiation of the resource exchange. While the hotel firm does not have any rare or unique resources to trade, the managers can use the contract to demonstrate their firm's commitment to the partnership with its suppliers.

Section 7.4.2 of the findings shows that the managers maintain the same portfolio of main suppliers, allotting them a number of rooms that remains stable over time, disregarding the performance of the contract. Furthermore, the managers can negotiate on the basis of past contract performance and their commitment to the partnership, commanding a continuity of performance over time. Provided that there is a positive history of collaboration (Constructs 12 & 13), they would be able to demand an equal commitment of resources from the suppliers.

### *Reputation*

Reputation is an asset the managers seek to develop and exploit, because it compensates for the insufficient value of the hotel firms' tangible (based on product/price) resources. Similarly, it has to be managed to avoid turning into a negative reputation and thus, a liability for the firm. Reputation is inimitable in the sense that it is built over years of operational competence. It is, however, equifinal as hotel firms can achieve a positive reputation in different ways. There are two domains within which reputation is built: the industry and the market (see Fombrun and Shanley, 1990).

In the firms of the sample, we see that reputation is built by working with the same markets for years (Section 7.4.2), those that are most compatible with the hotel firm's competencies (Construct 7), even if they are not the most profitable for them. If they sacrifice compatibility over profitability, they would have to deal with a more complex operation, e.g. by offering a richer or more diverse hotel product. Narrowing their base down to a limited number of particular customers or groups of similar customers reduces complexity by limiting the number of resources needed in delivering value to customers (Lowendahl and Revang, 2004). This contributes to a clear focus, consistency over time, and a gradually improving reputation.

The managers also concentrate heavily on in-house promotion (Construct 6), with the intention of developing a loyal customer base. In turn, that loyal customer base, seen as

the current of repeat customers, can become a tangible resource that can be traded with the suppliers.

(Db) there was a time we had 20% repeater customers in the hotel. This was very convenient for our partners, as they were getting 'ready made' clientele. Till last year, we had a contract with Neckerman. Neckerman left the area and we substituted its contract with AirTours. AirTours found a ready-made clientele because we are working with the German market for 20 years... so our new partner covered a 40-45% of its allotment contract with our repeater customers

In the domain of the industry, reputation is developed in terms of the hotel firm's history of collaboration with the suppliers. The history of collaboration is consecutively affected by the extent to which the hotel firm permits the suppliers to draw from its resources (i.e. rooms on demand; Construct 12) and on the extent to which the management responds to the suppliers' requests (Construct 5).

(Hb) if I see a partner of mine being affected by something and his sales from 25, 30, 40 bookings a day have dropped to 5, I will find out what is going on; and of course it is always a promotional offer that helps the supplier

Reputation in the domain of the industry can be cashed when it is preceded by a positive history of collaboration between the firm and the supplier, in which case the supplier may promote the hotel:

(Aa) I may have a better hotel than my neighbour, offering more facilities and services, whereas my neighbour may try do cut corners here and there. Even if we have the same prices, my neighbour may sell better than me if he has a better relationship with the T.A.

## *Network*

The managers' network embodies their social capital (Inkpen and Tsang, 2005), which represents their ability to secure benefits by virtue of membership in social networks (Burt, 1997; Coleman, 1988). The existence of a network of external agents, with whom the managers liaise, compensates for the hotel firms' peripheral network position and extends their degree of control outside the organisational boundaries. Construct 10 shows how network interaction is embedded in organisational routines for the same purpose. By building a network involving a diverse set of actors within the industry, they minimise the search costs for critical information (i.e. level of demand, bookings status, group bookings).

The value of the network is best shown when the managers receive offerings for group bookings. Group travel packages are isolated, irregular offerings; as such, the hotel is only part of the package, and because of their irregular nature, they are not included in the contract agreement with the hotel. Therefore, the choice of the hotel lies with the supplier. Usually, the suppliers call for a bid from a range of hotels they consider suitable to complement the package, or inform specific hotels with which they frequently liaise. So, if the hotel managers invest in their network, they can expect to be given privileges by their counterparts:

(Aa) I received a call in April from a T.A. I know very well, who informed me about a group booking. He said 'Michael, I have a group booking and an offer from the ... Hotel. If you can match it, the group is yours' ... See, it is primarily a matter of knowing people in the industry and not just about your hotel product'

The usefulness of the network also lies in avoiding what the professionals in the industry call 'tricks of the trade'. The most noteworthy example here is of the bigger suppliers purposely avoiding informing the hotels about their bookings status in order to force a renegotiation of their contracts or give promotional offers. In other instances, the bigger suppliers may even block the bookings of the hotels in a certain region in

order to promote their packages in other geographical regions. According to the hotel managers, this is mediated by maintaining contacts with the T.Os employees at various hierarchical levels:

(Eb) it is necessary to keep in touch with them and especially with those responsible for the bookings. A good relationship with those who handle the bookings can give you access to information you cannot get otherwise.

### 8.2.2 Developing a history of collaboration

Managing intangible resources is important in order to create value-generating strategies for the hotel firm. The essence of the managers' effort, however, is to draw resources from mediating organisations, in the absence of a firm's capabilities to reach their markets directly. A prerequisite for doing that is to establish a history of collaboration with the suppliers. Contracts are the first step for forging a history of collaboration, which in turn become the basis for building the hotel firm's reputation in the industry.

According to the respondents, conforming to the suppliers' requests (Constructs 5, 8, 9, 12 & 13) is one common way to build a positive history of collaboration. At the same time, however, the hotel managers employ a tactical pattern of actions in order to support their efforts. In the eyes of the external observer, this pattern of actions may even seem irrational. For instance, the stability in the hotels' portfolio of partners (Section 7.4.2) contradicts their need to diversify their investment; the inelastic allocation of rooms which does not follow contract performance (Section 7.4.2); and the tolerance allowances with regards to the obligations of their partnering organisations (Construct 13), do not appear to be the result of rational decision making. When looked within the context of developing a history of collaboration, however, their contribution as value-generating elements for the hotel firm is apparent.

### *Demonstrating the hotel firm's loyalty to its partners*

The hotel firms' loyalty to their partners, expressed by the continuation of their relationship (Section 7.4.2), contradicts the need to diversify their portfolio of partners and spread the risk of low performing contractual relationships. While this predisposition for retaining their existing portfolio can be justified because suppliers are 'few and recyclable' (Construct 8), it also serves to maintain continuity in the transaction history between the two parties. In turn, this offers the management predictability of performance, something which is achieved only by maintaining a long-term partnership:

(Aa) I have to go back and see the performance of the contracts of a specific agent for the past years... I cannot compare it with the neighbouring hotel, because they have other variables there. I want to see the sales predisposition of my product

(Ca) It is not good for us if we change our partners frequently. We need to maintain at least a 'core'. You see, we can easily approach a long-term partner and talk about things like the low level of sales in May, whereas a new one would dismiss us saying that it is because of the low demand for our product. Our long-term partner simply cannot do that because there are previous sales data and certainly because we have a history together

### *Giving allowances to their partners to fulfill their commitments*

Construct 13 showed that the hotel managers have tolerance allowances with regards to chronic low performance of the hotel firm's partners or even their partners' non-fulfillment of their financial obligations. It is common with peripheral suppliers, for instance, to delay their outstanding accounts with the hotel, sometimes for over a year. The managers would not only allow this practice but, in some cases, they would even write off their suppliers' debt. The managers may not have to deal with the same issue with the big players but they would accept their chronic low contract performance

without responding accordingly by allocating them fewer rooms (Section 7.4.2).

The tolerance allowances described above are, however, taken into account in the history of collaboration between the hotel and the supplier. The managers treat those allowances as favours, which can be materialised in the form of resources and favourable contract terms from their partners. For instance, by maintaining a stable room allocation over time towards the big suppliers, the managers maintain a sizeable formal contract, which necessitates a higher level of support from the supplier. As the manager of the 4\* south resort hotel explains:

(Db) It depends on what you give them to sell and they promote you accordingly. If you want to be included in their brochures and in the main page you need to have a very big contract. For example First Choice with which we had an allotment with 100 rooms it had our hotel in 2 catalogues. This year, when we have a 220-room allotment contract and we are in 6 catalogues... It is also to get some extra services. For the T.O., in order to bring you 6-7 animateurs to the hotel, there needs to be a big contract. If I give them 50 rooms, they will not bring 8 animateurs, it will be costly, they will bring 2

#### *Preferential treatment of the big suppliers*

The managers typically give preferential treatment to the big suppliers who have a contractual relationship with their hotel firm. As seen in section 7.4.2, the managers allocate a number of rooms equal to their room capacity to the big suppliers, a pattern that remains stable over time, disregarding the performance of their partnership. Those suppliers will typically require more rooms in the high season and the management would give them priority (Construct 12). In addition, the big suppliers get consistently much lower contract rates compared to the peripheral suppliers.

While this tactic denotes a stance of conformity, it helps the hotel firm develop the capacity to be of value for the suppliers it needs the most. A hotel is replaceable for a



supplier, whereas a core supplier is not. In this context, the acceptance of the low contract price the big suppliers offer is logical:

(Eb) I have taken that increase from everyone except TUI but we knew that in advance. I do not want to lose TUI or Vacances Heliades... even if I lose all the other T.As I would not mind, or lets say I would be disappointed but I can replace them. I know of course that they will not leave me but I cannot fight TUI.

At the same time, the managers ensure that the firm has the capacity to accommodate them when requested. In the high season, it is expected that all the suppliers will request more rooms and even fulfil 100% of their allocated rooms. By cumulatively allocating a number of rooms equal to their room capacity to their core suppliers, the managers make sure that they are able to respond to the requests of their core suppliers. The inevitable risks from overbooking their room capacity can be passed to their peripheral suppliers with little consequence, especially when those peripheral suppliers have received allowances in terms of fulfilling their financial obligations to the hotel:

(Aa) ...we do not want to create problems to the big and stable suppliers. In August they will request more rooms and they expect to make more profit that period. If we do not accommodate them during that period, they might create problems for us in the future. That is why we are careful on where we give priority

### 8.2.3 The Power game

The hotel managers' ability to achieve a desirable outcome for their firms is dependent on the collaboration of their suppliers. By cultivating the bond with their suppliers, they seek to negotiate and control the extent of their collaboration. In Giddens' (1979: 92-3) terms, they engage in a relationship of power, whereby they try to secure

outcomes depending on the agency of others.

The power relation between hotels and suppliers can be understood by the need of each party to secure predictable behaviour from their counterpart (see Crozier and Friedberg, 1980). As shown in section 8.2.2, the hotel managers employ a range of tactics to lock their firm's suppliers into a predictable behavioural path, based on their history of collaboration. It is not common, for instance, to drop the amount of sales they generate for hotels with which they have a long and positive history of collaboration without good reason. Section 7.4.1 of the findings demonstrated that one such reason is the state of the economic climate in tourist markets, something which is beyond the scope of the bond between the hotel firm and the supplier. In all other circumstances, though, the suppliers are entangled within the boundaries of their bond with the hotel firms. Thus, they are expected to collaborate and not make use of the hotel's resources unilaterally.

While the suppliers' behaviour cannot deviate from the expectations derived from their history of collaboration with their partners, they manipulate the image of the market they portray, which is beyond the hotel firms' reach (Construct 10). By doing so, they create an artificial climate of uncertainty, which works to their advantage. As Crozier and Friedberg (1980: 52) say, the one who controls a source of uncertainty will make use of this power to increase his advantage over others. In this study, the suppliers are found to often create such a climate of uncertainty by withholding or manipulating information reflecting their own interests and not the actual facts:

(Db) The suppliers always try to promote their own interests... they may even block the sales of our hotel by simply blocking the reservations in the system and show it as fully booked. This has occurred quite a few times. I have received calls from old customers who tell me that they were trying to book through Neckermann and they tell them that we are fully booked while I have ample availability.

(Aa) ...sometimes you will see that deliberately they will not inform us of the current status of the bookings in order to push us to give an offer.

What the suppliers gain by nurturing this uncertainty is to force the hotels to take actions (seasonal promotions, lower contract rates for the next season etc) that are favourable to themselves. If the hotel firm succumbs to such pressures, it would lower its bargaining power, and it would affect the managers' capacity to deliver their firm's services on their own terms. In this sense, the manipulative use of the suppliers' power has a transformative effect on their bond:

(Ia) ...if you start giving promotional offers then you will have to do it again because the T.A. will say 'you gave a special offer in June, give one in July as well'... If you do it you are looking for trouble because you provoke them to use their usual tactics... if you remain quiet then at least they do not have such requests.

(Ba) Bear also in mind that if you give offers during the season and then you go to sign contracts with the T.A., what can you claim then? The T.A. would say 'why do you keep asking for higher rates? If you cannot sell with your current rates and you give promotional offers, what do you expect for the next year?'

Even in such cases, the managers protect the most basic intangible resource of their firm, their contracts. As construct 9 shows, pricing agreements within the contracts are intended to flow in only one direction, disregarding the status of demand. Even if all circumstances indicate a negative climate for the next season, the contract rates will not decrease. This indicates the managers' avoidance of renegotiating the terms of their commitment, maintaining their capacity to negotiate a better deal in the future, even if it is not possible in the present situation.

The power game shows how the hotel managers' efforts to create value for their firms' product offering are negotiated with their suppliers. While the managers seek to develop their bond with the suppliers in order to gain predictable behaviour from them

and secure desired outcomes for their firm, the suppliers resist displaying predictable behaviour in order to increase their bargaining power. We saw that the predictability of their behaviour is governed by a 'ceteris paribus' condition, that is if all other constants remain the same, constants that are beyond the bond between the supplier and the hotel firm. By changing these constants, the suppliers are able to break through the boundaries of their bond with the hotels.

### **8.3 Strategising in practice**

So far, I have explained that the managers' contribution lies in the development of value generating strategies, which aim to leverage their firms' strategic capability, taking into consideration that the hotel firms in this context are at disadvantage. In short, the hotel firms' disadvantages originate from the fact that they have to rely on mediating organisations, their suppliers, in relation to which they have low bargaining power. The hotel managers appear to have a shared, common knowledge on how to deal with the uncertainties of their environment. In particular, they focus on the development of intangible resources (see Section 8.2.1), which are brought into play through the bond with the suppliers (see Section 8.2.2).

According to the findings of the study, the managers' common knowledge on how to deal with these uncertainties also becomes empirical, just as was suggested in the review of the literature (Section 4.3). Through their activity, they purposely support the development and maintenance of those value generating strategies by creating and manipulating resources and assets 'in-house', which they use in their resource exchange with the suppliers. Their approach is different from that frequently cited in the strategy literature (see Galbraith and Stiles, 1984; Harrigan, 1985, 1986; Michael, 2000; Porter, 1980; Thompson, 1967), which focuses on market solutions (i.e. mergers and vertical integration) as the main sources of leveraging the bargaining power of firms. Instead, there is a greater similarity to the work of authors who recognise the role of managers in commanding critical resources and managing social relations with

their counterparts (see Emerson, 1962; Pfeffer and Salancik, 1978; Pfeffer, 1992; Hardy, 1996; Child, 1972, 1997; Pfeffer and Fong, 2005).

The following examples illustrate how the managers' common knowledge becomes empirical and is manifested in their everyday practice by using the three forms of output generated by the managers' activity: the need to maintain consistency in the delivery of service; to protect the hotel firm's reputation; and to develop a capacity to negotiate the exchange of their firm's resources with the suppliers.

*Developing a tradeable resource by maintaining consistency*

Beginning with the hotel managers' need to maintain consistency, we can see that it targets a specific source of uncertainty, which is necessitated by the nature of their firms' offering. The offering, being service-based, cannot be standardised and therefore requires a higher level of coordination from the entire service delivery process (Argote, 1982). Customers of service-based firms do not purchase a product, but the production process itself (Skaggs and Huffman, 2003). This suggests a heightened level of client-firm interaction in the production processes of service firms. As a result, the hotel managers focus their attention on this area, which is critical to their firms' operation:

(Hb) I want to make sure that our customers receive what we are supposed to offer as a hotel. I am not talking just about the number of services; these cannot be quantified. I am talking about the whole experience they get by staying in this hotel... I am very close to my staff members and that is for a reason. I need to know that they can offer this experience to our customers... It is not me who interacts with the customers, it is my staff... What we achieve is a respectable percentage of repeater customers...

The above response also typifies the hotel managers' efforts for in-house promotion (Construct 6), which aims to develop a loyal customer base. Over time, this tactic improves their reputation in the market, achieving outcomes; a repeat clientele and a

tangible resource they can trade with their suppliers. As a result, the strategic outcome of the hotel managers' efforts to maintain consistency is the increase of their 'margin of liberty' (Crozier and Friedberg, 1980), making their firm less dependent on the suppliers' resources, and thus, leveraging their strategic capability.

*Ensuring their counterparts' predictability of behaviour by protecting their firms' reputation*

The hotel managers' efforts to protect the reputation of their firm are reflected clearly in the problemistic orientation of their activity, whereby they concentrate on minimising the problems that may occur in the hotel and be transferred to their suppliers. The manager of the 4\* resort hotel described it appropriately:

(Ba) it is very problematic for a T.O. if the tour rep sends them every week a report with 10-15 complaints, because then they need to have 2 people just for dealing with that hotel alone; not counting the legal issues they have to be concerned with as the customers claim their money back. Therefore the T.O. favours the hotel product which has the predisposition to sell without problems

In order to do so, the hotel managers adopt activity patterns that help them identify problems in their genesis. This is exemplified by the routine patterns of their activity (i.e. the routine observational tours at times and locations where problems are more likely to occur, and the routine check of the reservations to avoid overbooking) which are driven by the need to resolve problems on the spot and not leave them to perpetuate. By doing so, the hotel managers protect their firms' reputation in the industry. The strategic outcome of their efforts is that they maintain the 'ceteris paribus' conditions of their collaboration with their suppliers (Section 8.2.3); thus, maintaining predictability of behaviour from their partnering suppliers.

### *Capitalising on their history of collaboration by developing a capacity to negotiate*

Lastly, the hotel managers' effort to develop a capacity to negotiate the exchange of their firm's resources with the suppliers (Section 7.3.3) is driven by their need to leverage their firms' bargaining power. This is an output they achieve by preserving some of their work duties (Section 7.3.2); in particular, the handling of reservations and enquiries. At the same time, they keep the knowledge and expertise they possess esoteric and inaccessible to others. This is a political move to become a central figure in the hotel's operation, and serves to make them the only medium through which the suppliers can reach the firm. By doing so, the hotel managers are able to draw upon their history of collaboration (Constructs 12 & 13) with the suppliers, of which they possess exclusive knowledge. The strategic outcome of this purposeful political behaviour is that it enables the hotel managers to capitalise upon their history of collaboration with the suppliers, through which they can leverage their firms' bargaining power.

#### 8.3.1 Temporality and practices

Previously, it was shown how value-generating strategies are maintained and developed by the managers in their everyday practice. In particular, based on the observation of their work activity in real time, I demonstrated how they manipulate assets and resources in-house to leverage their firms' bargaining power, and subsequently, their strategic capability.

The managers' real time observation, however, tends to emphasise the introverted nature of their work (Section 7.3.2) and not their interaction with the external environment. While the managers do interact with the external environment, this is not shown in the real time observation of their activity, but rather in the temporal cycle of their work. The hotel managers' work, as shown in their yearly work cycle (Section 7.3.4), follows a cyclical, recurrent pattern, making their input more variable than their observed work activity would suggest. Within that temporal pattern, the managers follow a relatively predictable action repertoire (see Figure 4), which is a consequence

of the hotel firm's repertoire of structural poses: the continuous and routine pattern during the tourist season, the transitional end of season, the renewal of the business during the off season, and the regrouping at the start of season. In this temporal cycle, the managers are found to engage in boundary spanning practices, through which they interact with the external environment. Such periodic, recursive practices are common in organisations (Clark, 2000; Cohen et al, 1996); however, they are not readily observable because they cannot be reduced to any single, isolated activity. They rather consist of bundles of activities which, if taken altogether, comprise practices not seen through the eyes of the external observer, as they depend upon the managers' tacit knowledge (Turner, 1994). As shown in section 7.3.4, these practices demonstrate the more outward oriented nature of their work, comprising boundary-spanning activities which purposely aim to influence elements of the external environment. Thus, through this lens, the managers bear more resemblance to Child's (1972) image of powerful actors within the firm, who can interact and exercise power over elements of the external environment. Some characteristic examples are given below:

*Controlling the timing of contracting: A tool for leveraging the managers' negotiating power*

Contracting is an institutionalised practice that takes place during the tourist season and serves to legitimise the resource exchange between the hotel and its suppliers. While the managers generally have little bargaining power, given the common and undifferentiated nature of their hotel product, they try to improve their negotiating position by controlling the timing of contracting. Frequently, the respondents noted the characteristic delay of the contracting from the hotels' side as a means of improving their negotiating position:

(Eb) The hotel managers' association knew that the season was not going to be rosy but they were not quite sure. It is always better for the hotelier to sign later because they would have a better picture of the season, the results and the performance of the contracts



This delay gives them the necessary time allowance for the hotel managers to assess the market situation as the season progresses and use it as the basis for the negotiation of the contracts. This is also related to the preference the hotel managers give to intrinsic indicators to assess the demand from the market (Construct 11), taking into account that the suppliers will manipulate the information and not give them the full picture in order to create an artificial climate of uncertainty and use it to their advantage (Section 8.2.3).

#### *Using the Tuesday tour to maintain network interaction*

The Tuesday tour encapsulates the process of network interaction, in an effort to compensate for the scarce information environment of the hotel firms (Construct 10). As shown in Construct 10, it has become an institutionalised routine and maintains the same form, even though it has not got much practical purpose anymore and, in the eyes of an external observer, it may even seem irrational. Nonetheless, it allows the managers 'to see and be seen' and nurture the interpersonal element with their supplier.

One practicality of this routine is to provide the context for the hotel managers to liaise with key actors within the supplying organisations, who may give them valuable information. Those key actors are often lower ranked employees who, unlike senior management, do not know about the supplier's 'backstage' policies and are therefore much more penetrable to the hotel managers' status requests. By doing so, the hotel managers can cancel out the suppliers' tricks, which aim to create an artificial climate of uncertainty:

(Hb) We receive calls from people who want to inquire about our room availability. They often inform us that the T.A. abroad tells them that we are fully booked and that they cannot book a room in our hotel. This is a common trick the T.Os (who provide the information and often control the T.As) use to channel the demand to other destinations or resorts that are more profitable to

them... That is why I frequently make requests about my hotel's bookings status; not to the bosses, they are not going to give me the real picture, but those front line employees who deal with the bookings...

#### *Reaching the market by participating in tourism exhibitions*

Hotel managers often participate in a number of international tourism exhibitions at fixed periods during the year (Construct 6 & Section 7.3.4), seeing it as a way of reaching their markets with their own resources and not through the resources of their suppliers. In the past, this practice brought them tangible benefits in terms of direct sales to customers. As the nature of tourism exhibitions changed following the change of distribution channels in more recent years, this practice has been reassessed and adapted to the new market environment. For some managers, this change diminished any benefits they were receiving from their participation in tourism exhibitions. The manager of the 4\* south resort hotel explains that they gradually reduced their presence in those international exhibitions. Since they cannot reach their markets and generate sales, they receive no tangible returns and therefore they have no incentive to maintain a strong presence in the exhibitions. This choice, however, has to do with the capabilities of the hotel firm. On the contrary, the manager of the 4\* resort hotel participates in no less than four international exhibitions every year. Having maintained its position at the centre of the market, the 4\* resort hotel is attractive to both suppliers and customers. That is why the benefit of liaising with suppliers is enough to warrant such an investment and maintain the practice.

#### *Controlling the structural pose of the hotel to demonstrate commitment to their partners*

As seen in section 7.3.4, the hotel managers' annual work cycle, the nature and pace of managerial activity, is roughly divided into two time periods, the on/tourist season and the off season. In the on/tourist season, the managers deal with the routine, day-to-day issues as described in the observation, whereas in the off season they are primarily

concerned with the renewal of the hotel. The commencement of each period depends on the level of demand and it is ultimately the choice of the manager. The manager's choice of transposing the opening or closing dates of the hotel does not only affect the nature and pace of its own activity, but also the structural pose of the hotel firm, which in turn affects its collaboration with the suppliers. A hotel unit that remains open can accommodate all the bookings of the T.A./T.O. whereas, if closed, it would require additional effort from the supplier/s to distribute those bookings elsewhere. Therefore, the manager can choose to keep the hotel open for longer and feed the symbiotic relationship with the suppliers (see also Construct 12):

(Hb) ...It is also a matter of being good to our suppliers. Instead of asking our suppliers to transpose the bookings at a later date and take the customers to other hotels, we would rather open earlier and help our suppliers accommodate those bookings.

(Aa) ...when the flow is not what it's supposed to be... I will inform the T.As that we close the hotel at that particular date. Since the T.As have other alternatives they don't care much if I close earlier 15-20 days let's say, but if there are 500 people they have to take to other hotels, they won't like it

IS THIS SOMETHING YOU COULDN'T DO IN THE PAST?

No

WHAT HAPPENED THEN?

That time we stayed open even if there were five guests in the hotel

#### **8.4 Dealing with uncertainty**

My conceptualisation of the managers' contribution to strategy suggests that it is defined when managers deal with uncertainty. Here, I decompose the process by which they deal with uncertainty; firstly, by concentrating on selected elements of the external environment, focusing on what matters most, and secondly, by transposing uncertainty from the external environment to a more controllable domain.

#### 8.4.1 Concentrating on selected elements of the external environment

The hotel managers' focus of attention is evidently on their suppliers, which, as mediating organisations, can allow the hotel firm to reach its market. The suppliers possess critical resources that the hotel firm does not, and the hotel managers need to leverage their firm's strategic capability to secure their suppliers collaboration and draw resources from them. Taking into account that a hotel firm can approach a limited number of suppliers due to its finite capacity to accommodate their demand for rooms, we can infer that it can also reach a limited part of the market, the part that can only be accessed through the supplier. While the market is a domain largely beyond the reach of the hotel firm, it is possible for the managers to control parts of it through their relationship with the suppliers, which is manageable.

Section 7.4.1 demonstrates this process of cognitive simplification, which allows the managers to focus on what, in their view, matters most. When interpreting issues in the external environment, the hotel managers would emphasise economic changes, as this is the basis of their transactional language with their suppliers. A change in the economic climate of their markets, for instance, may jeopardise the continuity of their contracts with the suppliers, or their ability to respond to their suppliers' requests, and hence, negatively affect their reputation. Other changes, in the majority, are considered as peripheral, inevitable or beyond their control. For example, developments in the industry are often considered short-lived, and therefore of no consequence to the hotel firm's operation. Also, when the managers have little control over issues that are immediate but external to the firm, they tend to be attributed to the actions and interventions of the state.

#### 8.4.2 Transferring uncertainty to a more controllable domain

By focusing on the suppliers, which act as mediating organisations between the environment and the hotel firm, the hotel managers try to manage their relationship. By

doing so, they are effectively transferring uncertainty from the external environment to a more controllable domain, which they can manage. The first step for doing so is to have a contractual relationship with selected suppliers, which in itself does not guarantee that the supplier will generate sales for the hotel, but establishes a formal partnership upon which the resource exchange can be negotiated.

The hotel managers would negotiate on the basis of their history of collaboration (Construct 12) with their suppliers, which is not based on a formal transaction, but instead on the history of transactions between the two parties. The hotel managers would also try to strengthen the bond with the suppliers by demonstrating their firm's commitment to the partnership (Construct 8 & Section 7.4). For that purpose, they would typically seek to renew their contracts (Construct 9). In addition, they would maintain a stable allocation of rooms, at least to their key suppliers, disregarding the contract performance. Once a bond between the hotel firm and the supplier is established, the managers can manage this relationship through their history of collaboration. In order to develop and exploit this history of collaboration, the hotel managers establish themselves as the representatives of their firm, being the only medium through which an external agent can reach their firm (Section 7.3.2).

Once the suppliers channel customers to the hotel firm, the managers can develop a customer base and make those customers their own. As a respondent notes:

(Db) one of our strongest advantages is the level of repeater guests, which accounts for 25% from each market. These are the customers we offer as a gift to our suppliers.

The hotel managers' emphasis on such in-house promotion is apparent (Construct 6). This is manifested in their everyday work through their effort to achieve consistency in their difficult-to-standardise delivery of their hotel product. In turn, by developing their own customer base, they obtain an asset which they can use to trade with their suppliers.

As the suppliers cannot generate sales consistently (Construct 5), particularly in the side seasons, the hotel managers employ the common practice of overbooking to cover the performance gaps from their partnership with suppliers. This practice entails risks, but this is something they can deal with by closely monitoring the bookings' status, something which is apparent in their everyday actions (encapsulated in the problemistic orientation of their activity). At the same time, they make sure that overbooking their room capacity does not impact their key suppliers. Section 7.4.2 illustrated that the key suppliers are allocated a number of rooms which equals the hotel's room capacity. Thus, they maintain their capacity to meet their main suppliers' demand for rooms at any given time. Any overbooking in the high season will affect the hotel's peripheral suppliers. In essence, the uncertainty of the low and erratic demand is transferred to the operational domain by overbooking the hotel's room capacity and treating it as risk in the high season.

## **8.5 Towards a model of strategy making in the local hotel sector**

Having described the hotel managers' contribution to the strategy of their firm (Sections 8.2 & 8.3) under the umbrella of how they deal with uncertainty (Section 8.4), we can begin assembling an integrative framework. An integrative framework of the hotel managers' contribution to the strategy of their firm requires an appreciation of several factors. The hotel managers' contribution to the strategy of their firm centres on drawing resources from other mediating organisations, which are indispensable to the hotel firm's operation; at the same time, they have to deal with the disadvantages of their business, which is equipped with an undifferentiated product, in a saturated and fragmented sector, and is reliant upon mediating organisations. The hotel managers' role is to draw resources from those mediating organisations successfully, even though the hotel firm's product offering is of nominal value. The hotel managers' response to this common problem is reflected in an equally common solution: the development of value-generating strategies which enable them to leverage their firms' strategic

capability (Section 7.5 & 8.2). These value-generating strategies consist of two elements: a) the intangible resources of the firm, which compensate for the nominal tangible product/price aspects of the hotel firm's offering (Section 8.2.1), and b) the development of a history of collaboration with the suppliers, which forms the basis for their bond (Section 8.2.2). Based on this information, we can encapsulate the hotel managers' contribution to the strategy of their firm in the following framework:

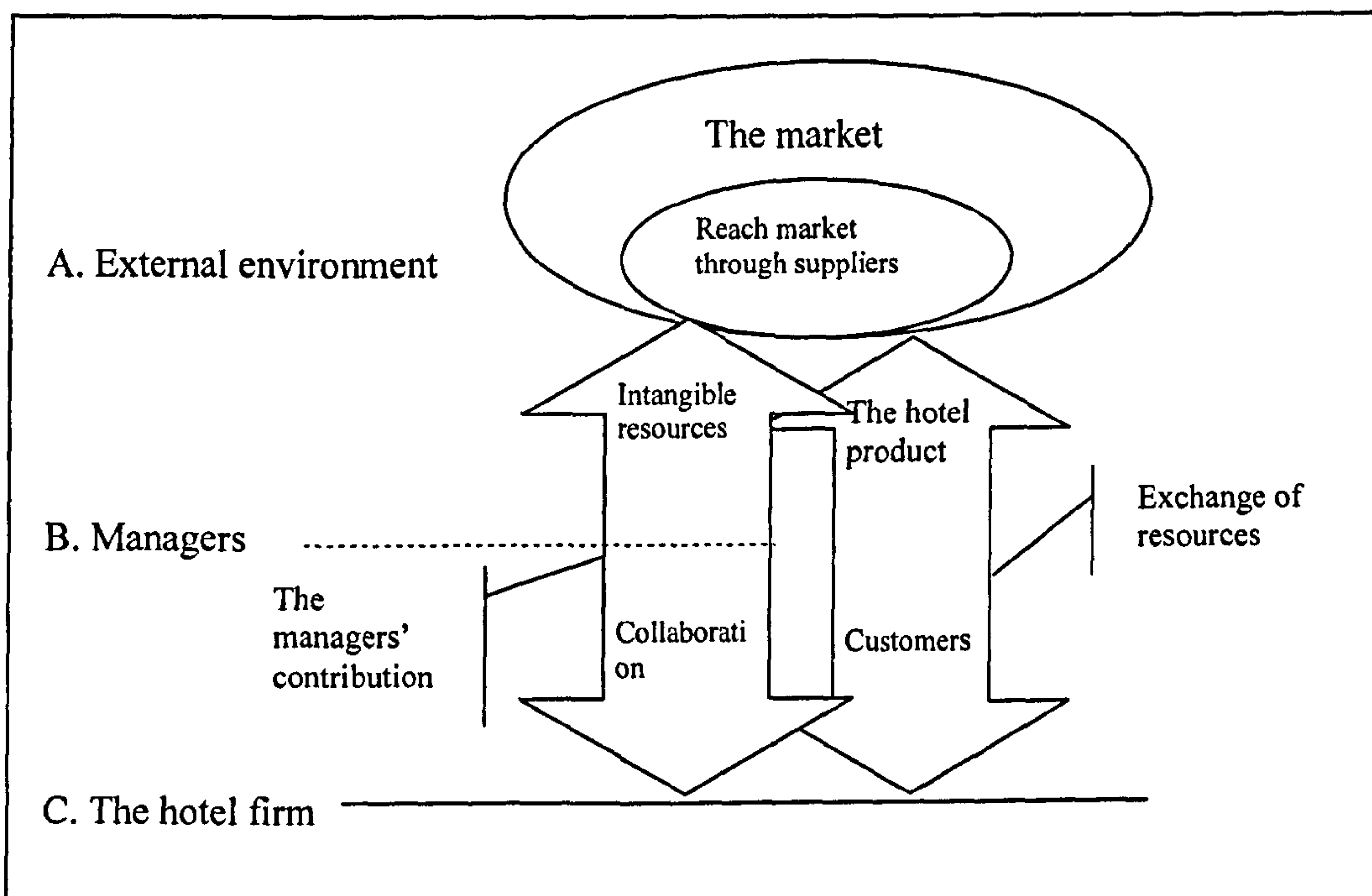


Figure 6: Strategy making in the local hotel sector

The above framework builds upon the conceptual framework presented in the literature review (Section 4.4), portraying the hotel managers as a central figure within the firm, who act as mediators between the external environment and the firm. The hotel managers' immediate focus is on their suppliers, through which they can access their markets. Part of the interaction between the hotel firm and its suppliers can be seen as a formal transaction, whereby the hotel firm commits a number of hotel rooms to the supplier, and the supplier generates sales for the hotel by promoting it and organising the subsequent elements of the travel package for the customers. However, as the hotel firm's offering is of little value to the suppliers, being common and undifferentiated,

the suppliers' collaboration cannot be assured, not even with a formal contract. For that purpose, the hotel managers try to leverage the hotel firm's strategic capability by managing the intangible resources of the firm, seeking to build a strong bond with the suppliers. They utilise this bond with the suppliers, basing the negotiation of the resource exchange with the suppliers on their history of collaboration. This process is, however, dynamic, as it is constantly negotiated between the two parties. While the hotel managers try to leverage their firms' strategic capability by developing value generating strategies, the suppliers try to extend the area of their power and move the relationship onto a terrain where the balance of power becomes favourable to them.



## CHAPTER 9

### DISCUSSION

#### 9.1 Introduction

This discussion chapter reflects on the literature. In section 9.2, it is argued that the activity-based view of strategy can unearth some otherwise unobservable constructs that become apparent only through the micro-analytic approach of the activity-based view. It goes on to suggest a conception of strategy as an outcome upon which the activity-based view of strategy can usefully reflect. Section 9.3 goes back to the problem of generalising about the practitioners' contribution to strategy and argues that only local generalisations are possible. Section 9.4 reflects on the literature on managerial work activity, arguing that the study advocates its usefulness and application potential in an activity-based view of strategy. Finally, section 9.5 examines the move of the research inquiry from unitary to pluralistic organisational contexts, suggesting that while the first simplify the research inquiry and assists generalisation attempts, the latter are more representative of modern organisations.

#### 9.2 Reflecting on the strategy literature

##### 9.2.1 The activity-based view of strategy

The activity-based view of strategy is claimed to contribute to our existing understanding of strategy making by adding a 3<sup>rd</sup> level of analysis in strategy research, that of the practitioners who are involved in the process. A focus on practitioners and their contribution to strategy requires a step towards a more micro-analytic approach, inquiring about the practitioners' detailed inputs that relate to strategic outcomes.

The findings of this study support the notion of that 3<sup>rd</sup> level of analysis in strategy research and its significance in understanding strategy making. The hotel managers' contribution concerns the creation and support of value-generating strategies, helping their firms to overcome their disadvantage of being common and undifferentiated in the industry. In addition, they have significant, if not exclusive, input in developing and exploiting the intangible resources of their business, which is vital to leverage their firm's otherwise low strategic capability; this is besides their key role in developing a bond with mediating organisations, allowing the hotel firm to draw resources from them. The above cannot be seen separately from their everyday practice, as it is through their everyday practice that they manage to produce the desired outcomes for their firm.

Most importantly, this study demonstrates that mainstream strategy research is not able to observe the managers' contribution to the strategy of the firm as illustrated above. This is not only because of its focus on the macro level of analysis, as illustrated in the literature review (Section 2.3), but primarily because of the lack of an appropriate operationalisation of strategy that accounts for the managers' inputs. The activity-based view of strategy asserts the importance of the managers' detailed input into shaping the strategy of the firm and also allows the identification of what Johnson et al (2003) call micro-assets, which play an important role in leveraging the firm's strategic capability. Having stated the above, the micro-analytic approach of the activity-based view of strategy can go beyond content specific generalisations of the practitioners' contribution and provide insights into unobservable constructs that cannot be identified through mainstream macro-analytic approaches alone.

### 9.2.2 Unobservable constructs and the managers' contribution

Following the argument in the previous section, the managers' contribution in this study can be instilled in unobservable constructs, which are evident through the micro-analytic approach taken here. While unobservable constructs lie at the core of influential streams of research in strategic management (Godfrey and Hill, 1995), we

can argue that a micro-analytic approach can unearth such unobservable constructs. As shown in this study, this can be achieved in two ways.

Firstly, its focus on individuals provides an understanding of how they utilise organisational resources and transform them into revenue. Spender (1994: 354) had called in the past for such an understanding:

‘The processes of resource acquisition and protection merely create and sustain the rent-potential, not the revenue... Focusing only on the acquisition and protection of resources, we overlook how the resources are applied and transformed into revenue’

Spender had pointed towards more in-depth approaches to studying an organisation. A micro-analytic approach with a focus on individuals may well provide the depth required, as it can offer a holistic understanding of how the resources available to actors are applied. Actors carrying out an individual activity or practice have to deal with the resources at hand, so it is interesting to see how they make do with the resources they have in their everyday lives (de Certeau, 1984). In this study, the resources available for the managers are common and undifferentiated across the sample. The managers use the resources at hand in an integrative manner, creating value for their firms’ offering, something that cannot be achieved through their separate use. For example, seeking to maintain the bond with the suppliers by renewing their contracts; demonstrating their commitment to the partnership by allocating a consistent number of rooms, disregarding contract performance; giving priority to their core suppliers when it comes to requests; negotiating based on their history of collaboration with the suppliers, effectively bypassing transactional formality; converting the existing customers they receive to a loyal clientele which they can trade; all are used to leverage their firm’s strategic capability.

Such a focus reasserts Penrose’s claim (1959: 5) that value does not lie in the creation and delivery of resources and services, but in their integrative utilisation. Therefore,

the managers' role in utilising and combining the available resources, however limited, should be the focus of an understanding of how these resources are applied and, ultimately, how their transformation into revenue is to be achieved.

Secondly, the micro-analytic approach gives a more holistic view of the assembly of organisational competencies. Organisational competencies by nature are assembled internally. As various authors claim, the very essence of most capabilities/competences is that they cannot be readily assembled through markets (Teece, 1982, 1986a; Zander and Kogut, 1995). That is because competences/capabilities are ways of organising and getting things done, which cannot be accomplished merely by using the price system to coordinate activity. Managerial input is integral to this process of organisation. In this study we see the managers, through their everyday activity and practices, supporting the value generating strategies of the firm. In particular, they leverage their firm's bargaining power over the suppliers by creating and manipulating resources and assets 'in-house', which they use in their resource exchange with the suppliers. This is something which cannot be achieved through market solutions, as frequently suggested by the strategy literature (Galbraith and Stiles, 1984; Harrigan, 1985, 1986; Michael, 2000).

One can understand the managers' behaviour through the context of their firms' limited, and of nominal value, tangible resources. As Teece et al (1997: 514) note, resources are sticky because businesses are to some degree stuck with what they have and may have to live with what they lack. Having to cope with what they have, they concentrate on developing the intangible resources of their firm in-house. Their effort is evident in their transactions with mediating organisations, whereby these transactions are supported by value-enhancing assets uniquely tailored to that transaction (what Williamson, 1985, calls asset specificity). Overall, the micro-analytical focus provides a more detailed account of the internal assembly of organisational competencies.

### 9.2.3 Strategy in practice, strategy as an outcome

Strategy has traditionally been seen as the result of the interaction between the environment and the firm, as well as intraorganisational processes. The activity-based view adds to this concept of the role of managerial inputs. The managers' practice, as claimed by several authors (Johnson et al, 2003; Whittington, 1996, 2002, 2004; Whittington and Melin, 2002; Whittington et al, 2003) and also demonstrated in the results of this study, has an impact, though partial, on the formation of strategy. Having confirmed this claim in this study, one has to reconsider the enduring conundrum of what is strategy (Farjoun, 2002; Porter, 1996; Whittington, 2002)?

In the light of these observations, we can redefine strategy as an outcome, formed at multiple levels, with strategy practice (or the practitioners' activity) partially accounting for the strategic outcome. Such arguments are not new in the literature. Allison (1970), in his study of the Cuban missile crisis, shows how outcomes unfold from the interplay of multiple levels of analysis. Chaffee (1985) conceptualised the levels of analysis as coexisting in hierarchical order and established that they may occur concurrently or sequentially. She identified three types of strategy: the linear model, which focuses on planning and methodical action; the adaptive strategy, which refers to the fit and alignment of the organisation with the environment; and the interpretive model that is based on a social construct, where strategy is defined by the shared frames of reference of the organisational members. The integration of the above types, according to Chaffee, is shown implicitly in the literature. Perhaps the conception of strategy as an outcome can be better demonstrated through Mintzberg's (1978; see also Mintzberg and Waters, 1985) fundamental distinction between deliberate and emergent strategies. Although strategies lie on a continuum between deliberate (intended) and emergent strategies that can be realised in the absence of intentions, they are always an outcome.

The practice, or activity-based view, of strategy can usefully add to the multi-layered conception of strategy as outcome. Reflecting on Mintzberg's fundamental distinction between deliberate and emergent strategies based on the degree of intentionality, we

can add that the context of intention can be better understood in conjunction with the observation of the practitioners' activity. Intentionality is not always explicit and it is often contained in the managers' practice. As Crozier and Friedberg (1980: 25) have argued, intentionality can be understood on an inferred basis, *ex post facto*, from the empirically observed regularities of behaviour. Chaffee's (1985) model could similarly be enriched with the inclusion of a micro-individual level, whereby strategy is generated through the practitioners' activity and temporal practices.

Similarly, existing operationalisations of strategy can be reassessed. Common operationalisations of strategy as a plan, a pattern in a stream of decisions/actions, or the organisation's adaptation to the state of the external environment, have been found (Section 2.2) to be single-dimensional, conflating levels of analysis, or to ignore the individual level of analysis. What has been argued in this study is a pluralist approach, which allows for their multi-layered integration, in addition to the inclusion of the individual level of analysis. The results of this study strongly suggest such integration. If we look, for example, at the individual level of analysis and focus solely on the managers' decisions, we would neglect the rest of the managers' inputs that contribute to the strategy of the firm. As the findings show, the hotel managers' contribution to strategy is inextricably linked to their everyday activity (Sections 7.3, 7.3.3 & 8.3), which supports, in a piecemeal manner, their efforts to leverage the strategic capability of their firm.

### **9.3 Generalising about practitioners**

#### **9.3.1 The problem of generalising about strategy practice**

This study provided an exploratory account of how practitioners strategise within a specific context. While generalisations about practitioners appear variously in the strategy literature (Daniels et al, 1994; Porac et al, 1989; Reger, 1990; Reger and Huff, 1993; Spender, 1980, 1989), they leave the critical aspect of their contribution to strategy untouched. The adoption of an activity-based view in this study shed light on

the managers' contribution to the strategy of their firm, but generalisations across the context in question are not unproblematic. A review of the existing classic strategy literature and a reflection of the S-a-P literature revealed two things: a) the inability of the classic strategy literature to account for the managers' contribution, and b) the voluntary confinement of S-a-P to generalising only within organisational contexts.

Focusing on the S-a-P literature, we see that the micro-analytic approach adopted by the research community is used to add to the body of knowledge on specific strategy content issues or process inspired topics. As authors within the community comment:

'we need to understand the patterns of micro-activity associated with particular organisational actions, from diversification to strategic change' (Whittington et al, 2004: 20)

'The content tradition gives us major issues to study at the micro level, diversification, restructuring and much more. Process studies have contributed further crucial questions, such as strategic decision-making and change' (Johnson et al, 2003: 16)

The above assertions, however, are limiting with regards to the extent of generalisations that can be made about managers. So far, studies following this line of inquiry have made generalisations within limited organisational boundaries/contexts (see Blackler et al, 2000; Eden and Ackerman, 1998; Jarzabkowski and Wilson 2002; Maitlis & Lawrence, 2003; Samra-Fredricks, 2003). In the literature review (Section 2.3), we made the claim that studies within the S-a-P field avoid generalising about practitioners in broader (sectoral/industry) contexts in order to compensate for the apparent difficulty in linking managerial and organisational action. While the S-a-P field has the integration of the micro and the macro contexts of action firmly on its research agenda, it has not yet addressed the aforementioned problem of the incommensurability between managerial activity and organisational strategy. So far,

the problem has been dealt with via integrative accounts which include a micro level of analysis (Balogun 2003; Denis et al, 2004; Jarzabkowski and Wilson, 2002).

By tracing the issue of incommensurability at the more fundamental problem of the indeterminacy of managerial inputs to outputs at the organisational level, we tried to conceptualise the managers' contribution to strategy in a way that links managerial activity and organisational strategy. Our conceptualisation suggested that the managers' response to uncertainty has the integrative capacity to link the two levels. A limitation of this conceptualisation is that it can only be applied to unitary organisational contexts, whereby power is concentrated on one, or a few, individuals. Otherwise, the output at the organisational level would be the result of collective action; however, it does demonstrate that a conceptual/theoretical resolution of the problem of the incommensurability can be applied.

### 9.3.2 Generalising locally

One of the S-a-P community's concerns is the question of whether any degree of generalisability can be inferred if complex and detailed descriptions of action are all that is achieved (Jarzabkowski and Seidl, 2005; Whittington et al, 2004). Generalisations, however, can be made within local contexts; they may be limited, but they are always defined by the scope of the research study. In this study, the scope is to abstract how the managers' strategise within a local hotel sector. Other studies may focus on project teams across different organisations (Blackler et al, 2000) or executives within an organisation (Samra-Fredericks, 2003), but all are able to generalise, depending on the reference group of practitioners they have chosen.

Generalisations about the practitioners and their contribution to strategy, however, can only be within local boundaries. Lowendahl and Revang (1998) noted that the nature of modern organisations requires local knowledge about the context. According to the authors, the notion of a grand theory (Glaser and Strauss, 1967), model or framework that applies to all organisations in a population collapses, as the characteristics of the



organisation by definition will be local, unique, and temporary. One characteristic example of the distinctiveness of the organisational context is the temporality in organisational and managerial action. The hotel firms of the study have an annual work cycle, roughly divided between the on/tourist and off season; within each phase, a distinct set of organisational and managerial activities take place. Clark (2000) gives a similar example of a British sugar beet factory with an annual work cycle, illustrating temporal differentiation and distribution of activities. Not all examples are annual, however: car designing is a 30-40 month cycle, in the pharmaceutical industry the cycles are more than a decade, whereas in supermarkets the cycle is weekly (Clark, 2000).

Another major differentiating factor of the context in this study is that the focal, local sector is service based. This entails a substantially different operation than a firm in a manufacturing sector. These differences can be encapsulated within three points (Mills and Moberg, 1982; Mills and Moshawi, 1999; Normann, 1984): Firstly, within the service sector, production and consumption occur simultaneously. This observation suggests that customers are interacting with these production processes. Secondly, customers participate to varying degrees in the production of service offerings. Thirdly, service offerings are typically intangible products. The implication is that what customers actually purchase is not a product, but the production process itself. Skaggs and Huffman (2003) note that, taken together, these differentiating aspects suggest a heightened level of client-firm interaction in the production processes of service firms, the major element of which is its complexity. The complexity of service production refers to the level of coordination present in an entire service delivery process (Argote, 1982). As such, it is a specific form of coordination that is affected by the number of processes required to produce the service, as well as by the dependency among these processes. The element of complexity of service production identified by Skaggs and Huffman (2003) is a critical factor that can even define the nature of the managers' contribution to strategy in service firms. As shown in this study, the managers adopt an activity pattern which is purposeful, aiming to coordinate the service delivery process in a way that supports their value generating strategy.

Whittington et al (2004) have called for systematically comparable studies to address the problem of generalisation. In the lines of the discussion above, we can also add that, once there is enough mass of micro-analytic studies achieving generalisations across specific local contexts, it would be feasible to develop a broader understanding through empirical comparisons.

#### **9.4 The activity based view of strategy and the study of managerial work activity**

The study of managerial work activity, as was argued in the literature review, can contribute to a more informed understanding of the managers' role and contribution in strategy formation. In S-a-P literature, authors frequently refer to the importance of the focus on the managers' detailed activity which leads to strategic outcomes (i.e. Brown and Duguid, 2001; Chia, 2004; Johnson et al, 2003; Whittington, 2002). Those managerial activities as they suggest, may be often mundane, but they shed light on the 'internal life of process' (Brown and Duguid, 2001: 95) by which strategy is created. Authors within the S-a-P community, however, have tended to study specific managerial inputs. Whittington (2002) and Johnson et al (2003), for instance, suggested starting with the formal work of strategic and organisational design. The reason for that is the relative ease with which it can be traced empirically, as it offers units of analysis that are small enough and defined enough to allow for comparative, and even quantitative, case analyses.

An inquiry on the managers' work activity, on the other hand, interprets the activity-based view of strategy in a literal sense, looking at the sum of managerial inputs; namely, what managers actually do in order to explore their contribution to the strategy of their firm. As the findings demonstrate, the managers' contribution is inseparable from their day-to-day activity. The hotel managers' daily practice is purposeful, and contributes to the leveraging of the strategic capability of their firm, in particular, the generative mechanisms of their activity (Section 7.5.3): the need to achieve consistency

in the delivery of the hotel product and its associated services; to search for and resolve problems as soon as they occur and to preserve their work duties, retaining the exclusivity to perform certain tasks; all contribute to the management of the intangible resources of the hotel firm and the development of its bond with the suppliers.

While the linkage between patterns of managerial work activity and organisational strategy is empirically demonstrated, attention needs to be given to the interpretation of managerial work. Managerial work, at face value, would seem disjointed, remedial, and fragmented, a general finding of the managerial work literature to date (Hales, 1986, 1999; Mintzberg, 1973; Kotter, 1982; Stewart, 1976). Mintzberg (1973: 5) described the managers' reactive work as breeding superficiality and a 'stimulus response milieu'. Even Whittington (2002) suggested that an emphasis on the managers' work activities may be more focused on its unromantic realities, expressing a concern for being unable to account for the managers' 'strategic' activity.

An 'objective' analysis of managerial work, as seen through the eyes of an ethnographer, will most likely confirm the above observations; however, managerial work activity needs to be seen through the context of intention and its output at the organisational level. Here, the hotel managers' intention is to develop value-generating strategies to compensate for the competitive disadvantage of their firm. To achieve that, they need to utilise the resources they have and live with what their firm's lack. Given the common and undifferentiated nature of their firms' resources, the hotel managers' effort concentrates on managing the intangible resources of their firm. The value of those intangible resources is relative and contingent to the relational bond of the firm with its suppliers, which the hotel managers try to develop.

#### 9.4.1 The context vs. the content-specific contribution of managers

Research inquiries into the managers' contribution to strategy, based on detailed accounts of the managers' work activity are, however, different from the current empirical body of the S-a-P research. The focus of the S-a-P research on the detailed,

but specific, managerial inputs is evident in its empirical body, which has variously looked at the managers' talk-based interaction (Blacker et al, 2000; Eden and Ackerman, 1998; Huisman, 2001; Samra-Fredericks, 2003); formal strategic activities (Jarzabkowski, 2003; Langley, 1990) and managerial sensemaking in strategy formation (Balogun and Johnson, 2004; Levitt et al, 1999). As a result, this empirical body generalises about specific managerial contributions to strategy and, if combined with an integrative, multi-level approach, it remains confined to organisational boundaries. This approach, as argued in the literature review (Section 2.4.3), provides context specific accounts of the managers' contribution to strategy.

In contrast, the inquiry into the managers' detailed work activity is an approach that necessarily encompasses all managerial inputs, allowing for a more holistic understanding of the managers' contribution. What managers do to contribute to the strategy of their firm is maximise the effect of their resources at hand. They have the inherent drive to transform their available resources so that their integrative utilisation generates more value than their separate use (Tsoukas, 1994; Whitley, 1989). As Brunsson (1982) concluded, in a culmination of his research on project teams, managers aim to mobilise resources within the organisation, create commitment to action amongst organisation members, and get things 'done'. Similarly, based on our findings, we described managerial work activity as purposeful, creating output to the organisation incrementally, which is not identifiable within the managers' isolated tasks. If, on the other hand, the focus is on specific managerial inputs, we can only achieve a partial understanding of how managers use the resources at hand, and thus, an incomplete picture of their contribution to strategy.

Furthermore, a research inquiry based on the managers' detailed work activity allows the selection of wider reference groups of practitioners within specific contexts. Thus, this approach can be seen as providing context specific accounts of the managers' contribution to strategy, just as the empirical body on managerial work activity has achieved generalisations about managerial work within contexts. Authors like Hales (1987), Hales and Tamangani (1996), and Hickson (1973) demonstrated the links

between managerial work and particular organisational and sectoral contexts. Stewart et al (1994), in their well-known comparative study of British and German managers, showed how managerial work is influenced by the national context.

## **9.5 From unitary to pluralistic contexts**

The unitary view of organisation taken in this study (Section 4.2) puts the focal managers at centre stage, cancelling out issues of collective action and minimising intraorganisational complexity. By doing so, it emphasises the managers' role as the mediator between the environment and the firm. Conceiving the interaction with the environment is also simpler, which can perhaps be best encapsulated in Elster's (1984) 'two step' model of human action. Elster suggested that human action is the product of two successive filtering processes. The first is a set of external structural constraints, which narrows the range of feasible options to the actor. The second filter is the mechanism by which the actor selects one desired action from the set of feasible actions. Here, the structural constraints are reflected in the nature of the context, whereby the focal managers have a limited set of tools/resources to use. The mechanism by which the manager selects the desired action denotes a cognitive process, which is influenced by the manager's interpretive understanding. In the context of the occupational community, the managers would draw upon their shared 'stock of knowledge' (Berger and Luckman 1971; Schutz, 1967; Schutz and Luckmann, 1973), especially when dealing with uncertainty (Spender, 1980, 1989).

The simplicity achieved through the adoption of a unitary view of organisation, and the relative homogeneity of the focal managers being from the same occupational community, in turn permits a focus on their detailed work activity. The managers' response to uncertainty does not only define their contribution to strategy but is also reflected in their activity (Section 4.3), thus establishing a conceptual link between managerial activity and organisational strategy currently unattainable in pluralistic organisational contexts.

However, the simplifying assumption made through the unitary view of organisation is often non-applicable. In more complex organisations with multiple hierarchical levels, power would not be centred on one or a few individuals but on groups of individuals (popularly described as the dominant coalition by Cyert and March, 1963). Moreover, some social contexts may be inherently pluralist (Calori et al, 1998; Kagono et al, 1985; Schneider, 1989; Schneider and De Meyer, 1991). Studies in the process tradition (Johnson, 1987, 2000; Pettigrew, 1985; Pettigrew and Whipp, 1991) have demonstrated how strategy development is dependent on complex factors: power structures, politics and organisational routines/structure/culture. In such pluralistic contexts, individual action may not have a direct or discernible impact on strategic outcomes, as its output at the level of the firm would be negotiated with other actors.

S-a-P research has focused on pluralistic organisational contexts, which are undeniably more representative of modern organisations, but has to deal with increased complexity. While the challenge for S-a-P research to span levels of analysis has been particularly noted by authors (Johnson et al, 2003: 16-17), the continuing problem of generalising about the practitioners' contribution is more evident here. Given the sheer complexity of in-depth, fine-grained, and multi-layered inquiry, the S-a-P research, in order to establish linkages between the micro-managerial and the macro-organisational/institutional level, demands a restricted selection of wide reference groups of practitioners, being confined within strictly organisational boundaries. Authors within S-a-P literature call these reference groups 'communities of practice' (Brown and Duguid, 2001; Jarzabkowski and Wilson, 2002; Liedtka, 1999; Samra-Fredericks, 2003), denoting organisational activity systems whereby the managers' practice has meaning in relation to the community they participate in.

Therefore, a move towards pluralistic organisational contexts may be more representative of a typical organisational environment but, on the other hand, it necessitates narrow empirical investigations of the practitioners' contribution to the strategy of the firm. In stark contrast, research on unitary organisational contexts, while

not as representative, simplifies the research inquiry, allowing the selection of wider reference groups of practitioners and thus enabling context specific accounts of their contribution to the strategy of the firm.

### 9.5.1 A focus on routines and dynamic capabilities

Research inquiries in unitary and pluralistic organisational contexts make different assumptions and necessitate different methodological approaches. They can, however, communicate on the basis of routine activities and processes that constitute strategic outcomes. Assuming that the focus of the first is on individual managers and the focus of the latter on organisational communities of practice, we can infer the following:

At the level of the individual manager, routine activity will occur as an established best means of dealing with the organisation's situation and is subject to change when the manager perceives a change in the organisation's situation (Bowman and Ambrosini, 2000). Based on the results of this study, we can also note that, although the managers' routine activity may seem operational (Sections 7.3.1 & 7.3.2), it is purposeful (Section 7.3.3) and it is part of the managers' approach to managing uncertainty (Section 8.4.2). Therefore, the managers' routine activity is inextricably linked to their manner of strategising (Section 8.3).

Similarly, authors within the S-a-P community emphasise that strategising is embedded in organisational routines (Hendry and Seidl 2003; Jarzabkowski and Wilson, 2002; Samra-Fredericks, 2003; Whittington et al, 2004). Whittington et al (2004:6-7) particularly noted in the literature the growing theoretical recognition of the significance of routines or dynamic capabilities that support particular strategies (Cohen and Bacdayan, 1994; Eisenhardt and Martin, 2000; Feldman, 2000; Teece et al, 1997). Organisational routines are considered to be the basis for the development of organisational capability (Porter, 1991; Winter, 2003).

'An organisational capability is a high-level routine (or collection of routines)

that, together with its implementing input flows, confers upon an organisation's management a set of decision options for producing significant outputs of a particular type' (Winter, 2003: 991)

Organisational routines/capabilities therefore reflect the way the collective action of organisation members produces output at the level of the firm. This conception is significant. In the literature review, we asserted that, in order to link managerial activity and organisational strategy, it is necessary to first identify what is the managers' output at the level of the firm. Organisational routines/capabilities demonstrate that they have the capacity to encapsulate the focal managers' collective output.

The dynamic capabilities perspective, which sees strategic initiatives as resulting from the multi-layered recombination of firm-specific resources and competences (Teece et al, 1997), has the potential to go deeper into the black box of pluralist organisational contexts. Although this perspective still lacks some in-depth empirical analyses of the microprocesses and the role of practitioners that form these capabilities (Galunic and Eisenhardt, 2001), it can offer rich insights in this direction. According to Eisenhardt and Martin (2000), dynamic capabilities are used by the management to alter the resource base. A micro-analytic approach can then examine the way they are acquired, integrated together, and recombined to create value generating strategies.



## CHAPTER 10

### CONCLUSIONS

#### 10.1 Operationalising the managers' contribution to strategy

This thesis sought to generalise about the managers' contribution to the strategy of the firm. Based on the fact that strategy formation is context-specific, it considered essential to generalise about a particular context, and thus, about practitioners within a specific context. This, however, is something which has been poorly examined in the previous literature. The classic strategy literature simply fails to account for the managers' contribution to strategy, as it diminishes their inputs or relegates them in single-dimensional forms. Gaps also exist within the S-a-P literature. While its focus on more micro levels of analysis reasserts the role of managers to strategy, it tends to make content, rather than context specific generalisations of the managers' contribution, as it has not progressed with regards to the conceptual integration of managerial activity and organisational strategy.

My argument in this thesis diverges from the previous literature in that managerial activity should not be arbitrarily linked to strategy. I have argued that, conceptually, the two terms are incommensurate: strategy is something an organisation 'has' whereas practice (or activity) is something an individual 'does'. As such, the managers' contribution to the strategy of the firm needs to be operationalised by providing a conceptual linkage between managerial activity and organisational strategy.

The literature on managerial work activity provides insights into the problem of incommensurability, showing that it lies within the more fundamental problem of linking managerial inputs (activity) to outputs (or what is achieved) at the organisational level. Thus, the problem can be decomposed into two parts: a) the difficulty of moving from managerial inputs to outputs at the organisational level, and

b) the problem of identifying those outputs that lead to strategic outcomes. My solution to this problem was given by conceiving the managers' contribution to strategy as their response to uncertainty. The managers' response to uncertainty reflects a common knowledge, shared among the practitioners within the industry, on how to deal with problems in the operating environment of their firm; in other words, how they form a strategy to respond to issues in the external environment. In addition, the managers' response to uncertainty should be reflected in their work activity, thus making it possible to extrapolate the linkage between what they do and how this affects their firm.

## **10.2 The epistemological and methodological bases of the study**

In developing this operationalisation, a simplifying assumption was necessary: the adoption of a unitary view of organisation. This is a necessary precondition for the development of the aforementioned operationalisation, as it allows the research to concentrate on the focal managers and not on other actors within the firm. I acknowledge this as a limitation. The operationalisation that I have developed to study the managers' contribution to strategy cannot be applied unproblematically in pluralist organisational contexts. In pluralist organisational contexts, the reference group of practitioners can be the community of practice within the organisation, and the practitioners' work patterns may be incomparable or irrelevant to one another; strategic outcomes would be produced from the collective action of organisation members, upon which their activity may have no discernable impact. In stark contrast, unitary organisational contexts eliminate issues of collective action, allowing the grasp of the managers' output at the level of the firm.

Methodologically, the study of the managers' contribution to strategy has to be a multi-level exercise. This is a necessity, as the micro-analytic focus of studies of this kind has to be examined within the wider organisational context in order to establish reciprocal relations between the micro processes of strategising and organisational outcomes.

Therefore, just as other authors (Balogun et al, 2003; Denis et al, 2004; Jarzabkowski, 2004; Johnson et al, 2003; Whittington, 2002; Whittington et al, 2004) have stressed, research inquiries of this kind have to have sufficient breadth to capture the complexities of strategising. In this study, the use of multiple methods was useful in complementing or triangulating the research data. For example, the observation of the managers' work activity would have represented only a snapshot of their inputs but, when complemented with the inquiry on their annual work cycle, it sheds light on the temporal practices used by the managers, by which they interact and control elements within the external environment. On the other hand, the inquiries on the patterns of organisational outcomes and on the managers' perceptions of changes in the external environment, offered little additional knowledge and served primarily for triangulating the research data.

### **10.3 Results and implications**

The results of the study show that the managers in the hotel sector are not only aware of those issues that are critical to their hotel's operation and performance, but also share a familiarity, or common understanding of the ways they can deal with their organisation's uncertainties. They deal with uncertainty by focusing on what matters most, in this case their suppliers, who are indispensable for the hotel firms as they are the only means through which they can reach their markets. As the hotel firms are distanced from their markets, the managers seek to control an area of the market by managing the relationship with their suppliers; in effect transposing uncertainty to a more controllable domain.

The hotel managers' contribution focuses on developing value-generating strategies for their firm; a necessity due to the fact that they are at a disadvantage, being in a saturated sector and equipped with an undifferentiated product. Having little to trade with their suppliers, they create value by managing the intangible resources of their firm and negotiate on the basis of their relational bond with the suppliers.

The hotel managers' contribution is not only evident in their process of knowing how to deal with organisational uncertainties, but also becomes empirical and is manifested in their everyday practice. As this study shows, managerial activity is purposeful, assisting in the development and maintenance of value-generating strategies. While this is not evident in their detailed activity, which may seem preoccupied with the day-to-day and the routine, it becomes apparent when taking into account the intended contribution of their activity, which demonstrates its overarching purpose.

In the light of the findings of the study, the activity-based view of strategy can shed light on unobservable constructs in strategy formation, which are evident only through the inclusion of the micro level of analysis. For instance, a focus on the hotel firms would show that they are at a disadvantage, being restricted in terms of what they can achieve with their resources. On the other hand, a focus on the hotel managers provides an understanding of how they utilise the limited resources that are available and transform them into revenue. As Johnson et al (2003) have similarly argued, a focus on practitioners would unearth the micro-assets of the firm and demonstrate how they develop those micro-assets to leverage the strategic capability of the firm.

The approach I have taken, in addition to the results of the study, challenge the common preconception within S-a-P literature that certain types of activity can be labelled as 'strategic'; a linkage between managerial activity and organisational strategy that appears frequently within S-a-P literature (see Chia, 2004; Clark, 2004; Hendry and Seidl, 2003; Whittington, 2002), but has been assumed rather than demonstrated. As I have argued earlier in the literature review, the managers' contribution to the strategy of their firm is necessarily encapsulated in the patterns of their activity and not isolated within any identifiable tasks. This contrasts with Whittington's (1996, 2002) concern that the study of the managers' work marginalises 'strategic' activity. This concern does not come as a surprise, though, given the generally accepted characterisation of managerial work as fragmented, disjointed, remedial, and preoccupied with day-to-day issues; thus, portraying a 'non-strategic'

orientation; however, when taking into account that the managers' output can be understood from how their detailed activities are interrelated, their work can be seen from a whole new perspective. Their seemingly 'non-strategic' work makes sense, as it allows them to best deal with uncertainties in the organisational environment and gets things done. If strategic activity is defined as planned and extrinsically organised, it may not exist in real life organisational environments, as has been the case of Mintzberg's (1973) study of American CEOs. An extreme example of a manager with a planned activity pattern would rather portray a blue collar worker producing output in a Fordist manner.

While the value of the activity-based view to understanding strategy formation is demonstrated, it should be seen as distinct but complementary to existing views of strategy. Traditional outlooks view strategy as attached to organisations; as something organisations have, resulting from exogenous (the interaction between the environment and the firm) and endogenous (organisational structure and intraorganisational processes) factors. A focus on practitioners and their contribution could well be the third level of analysis in strategy research, seeing strategy formed through the practitioners' activity. As such, strategy can be redefined as an outcome, formed at multiple levels, with strategy practice (or the practitioners' activity) to partially account for that outcome.

#### **10.4 Contribution to the body of knowledge**

The contribution of this study to the body of knowledge is concentrated in four areas. In particular, this study:

1. Offers a context-specific understanding of the hotel managers' contribution to the strategy of their firm. The context itself, the local hotel sector on the island of Crete, is of particular significance, as it is unexplored and provides the opportunity to investigate strategy making from the perspective of other cultural foundations.

Various previous studies have focused on demonstrating the context specific nature of strategy formation (Birnbaum-More and Weiss, 1990; Calori et al, 1998; Kagono et al, 1985; Schneider. 1989; Schneider and De Meyer, 1991; Sorge and Maurice, 1990; Sorge, 1991; Spender, 1980, 1989). By assuming the boundedness of strategy, this study provides a practitioner-informed account of the hotel managers' contribution. As such, it can provide the basis for future comparative studies in different domains and contexts.

2. Contributes to the activity-based view of strategy by offering an empirically grounded description, which ties together managerial activity and organisational strategy. A requirement, as suggested in this study, is the adoption of a unitary view of organisation, whereby power is concentrated on one or a few actors within the firm, and whose influence directs organisational action. While this simplifying assumption does not allow generalisations across pluralistic contexts, it is a starting point for future investigations of a similar kind. Studies of a similar kind would include those corresponding to the centralised power characteristics of the firms of this study. These features have been previously acknowledged in the literature. Hart (1992) encapsulates them in his 'command' mode of strategy making, whereas Mintzberg and Waters (1985) refer to it as the 'entrepreneurial' strategy. Since the central feature of this study is represented in the aforementioned authors' work as one of the multiple types or modes of strategy making, we may as well assume that the managers' contribution will vary across each different type or mode.
3. Develops a theory for linking managerial activity and organisational strategy. Having reasserted the importance of this linkage for the S-a-P literature, in order to allow generalisations about the practitioners' contribution to strategy, this study addressed the problem of incommensurability. While the strategy literature falls short of addressing the problem of incommensurability between managerial activity and organisational strategy, insights were given from the field of managerial work activity. It was found that the problem lies in the more fundamental issue of the indeterminate nature of managerial inputs to outputs at the organisational level.

Having grasped managerial output as the intended contribution of the managers to the organisation, it conceptualises the managers' contribution to strategy through their response to uncertainty, making it possible to identify those outputs that lead to strategic outcomes, based on the observation that uncertainty is a driver of organisational action and a generative mechanism of managerial action. While these are acknowledged in the existing literature, they are not integrated as such. Spender (1980, 1989), for instance, used uncertainty as the element that brings out the managerial judgments that drive organisational strategy. In his conception, however, Spender does not provide links with managerial activity. Similarly, other management and organisation theorists (Chandler, 1962; Scott, 1987; Thompson, 1967; Williamson, 1985) focus on the effects of uncertainty at the organisational level without providing that integrative link. The operationalisation of the managers' contribution to strategy that was made in this study can set the scene for further future theoretical development.

4. Demonstrates empirically the need for pluralist methodological approaches for studying the managers' contribution to strategy in order to show that the managers' contribution lies at two diverse and interrelated domains: the domain of knowledge and the domain of practice; each one requiring a different type of research inquiry. A narrow focus on either one would not allow a clear picture of the managers' contribution. In addition, it shows that the same breadth in the research inquiry can be useful when the study spans levels of analysis, demonstrating the reciprocal influence among them. As illustrated in this study, the use of multiple methods was helpful in complementing or triangulating the research data.

## **10.5 Limitations of the research**

1. The generalisation of the results is limited by definition, as the thesis advocates the notion of the context specific nature of strategy formation. The firms of this study have a competitive disadvantage, being in a fragmented, saturated sector, equipped

with an undifferentiated product, and reliant upon mediating organisations. As a result, the managers' contribution focuses on overcoming that disadvantage. These results may not be consistent with other studies conducted in a different context, which may not involve organisations operating under the same market conditions. The boundaries of relevance are, therefore, limited; the results are useful only for the firms and the practitioners within their limited context of applicability.

2. The adoption of a unitary view of organisation may have been a required simplifying assumption in order to achieve a relative conflation between the managerial and organisational context of action, but its degree of applicability is limited. A unitary view of organisation assumes that power, and therefore authority, is centred on one or a few individuals within the firm. The nature of the hotel firms as unitary contexts permitted such an assumption, justifying the focus on the general managers. Other studies, however, that are conducted in pluralistic organisational contexts need to acknowledge the role and contribution of multiple actors within the firm. The process tradition in strategy research has long acknowledged these complex dynamics and set a long chain of contributions grounded on the plurality of interests and conflicts within the organisation, showing that organisational action is the result of collective action of organisation members. Thus, the assumptions made in this study can be replicated by other studies conducted within unitary organisational contexts (i.e. SMEs or with unitarist organisational cultures; see Section 4.2) but not pluralist.
3. Given the multi-level nature of the research inquiry, it was necessary to employ a wide range of data collection techniques. The collected data were on occasion, complementary, i.e. the observation of the hotel managers' work and the inquiry about their annual work cycle, but also overlapped, i.e. some of the respondents' constructs (particularly those presented in theme 2) intersected with the inquiry about the patterns in organisational outcomes. This required a great deal of discretion on behalf of the researcher regarding how to integrate and interpret the available data and provide an answer to the research question. As such, the answer



provided was strongly based on the researcher's interpretation, bringing about the issue of 'construct validity' in methodological terms. This issue, however, was mediated by the researcher's own knowledge of the context of the study, which provided a useful guide for the interpretation of the data.

4. The sample taken in this study to explore the managers' contribution to the strategy of their firm was based on organisational, rather than managerial, variables. Hence, it was assumed that the membership of the focal managers within an occupational group has a homogenising effect on their contribution, whereas the organisational context may create variances in their contribution. In this conception, managerial demographics and traits were ignored in the analysis, something which was a necessary trade-off. Data were, however, collected about the managers' demographics, background and experience, although they did not play any role in the analysis and overall interpretation of the data. An analysis of managerial variables would be meaningful in a larger sample of managers within homogeneous firms, where statistical generalisation can be achieved.

## **10.6 Recommendations for further research**

1. This study focused on unitary organisations, a choice that allowed context-specific generalisations about the managers' contribution to strategy. Future studies in pluralist organisational contexts may generalise about the managers' contribution by taking a different approach. They could provide pluralist accounts of strategy making by focusing on the 'micro' aspects of intraorganisational processes. Such studies could benefit from a focus on organisational routines/dynamic capabilities, which encompass the process of strategising (Hendry and Seidl 2003; Jarzabkowski and Wilson, 2002; Samra-Fredericks, 2003; Whittington et al, 2004). A focus on organisational routines/dynamic capabilities can give insights into how managers alter the resource base of their firm. A micro-analytic approach can then examine the way they are acquired, integrated together, and recombined to create value

generating strategies.

2. Further research could also be conducted on unitary organisational contexts in a manner similar to this study, allowing for context-specific generalisations of the managers' contribution to strategy. This type of research inquiry could also look specifically at the process of strategising through the managers' work activity, in order to allow for systematic comparison. This study showed that the managers' process of knowing becomes empirical and is manifested in their everyday practice. Strategy creation, in this respect, is not only intentional but also maintained through the managers' everyday practice. Future research could study the recursive process of knowing and practice, making links with the context in question.
3. Future research could replicate this study in different sectors and different contexts. This would require making similar assumptions and using a comparable methodology. In effect, this study could be replicated in any sector or context where the study of unitary organisations is possible. It would be interesting to see whether (and how) the managers' contribution to organisational outcomes would change if a similar study was conducted in the hotel sector in the UK or in another hotel sector in the Mediterranean region. Any differences could be attributed to cultural and institutional factors. Moreover, a replication of the study in a different sector would offer further insights on the influence of institutional and market forces.
4. Future research could emphasise the unobservable constructs that arise from a micro-analytic approach on strategy making and a heightened awareness of the role and contribution of the practitioners. Such studies could draw from the resource-based view of the firm and focus, not on the resources as such, but on how they are applied and transformed into revenue. In particular, they could look into how the practitioners utilise and combine/recombine the resources available to them to create value for the firm.

## **10.7 Learning outcomes**

This study commenced from the interest of the researcher in the area of strategy and his conviction of the context-specific nature of strategy. Combined with the researcher's previous knowledge and experience within the hotel sector, this study was a vehicle for the researcher to go deeper into academic research and contribute, not only within the area of the study, but also to develop himself. From the systematic comparison and contrast of differing views in the field, and the search for conceptual integration to the methodological choices made to elicit the desired data; the data collection process and the interpretation of these data; all contributed to the researcher's personal development. If the process of reviewing the literature was solitary, the data collection stage required opposite skills. The researcher had to exercise his communication skills, use personal contacts and establish new ones. It was also essential to establish credibility with the researched hotel firms, but also to maintain it. In the interpretation of the data, the researcher had to deal with his own preconceptions, given his previous familiarity with the subject and, at the same time, confront the conventions of previous research in the field. Therefore, the outcome of this thesis is not only the contribution to the body of knowledge, but the research 'apprenticeship' that was taken throughout the process.

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# Appendix 1: Participant information form & consent form



## **Participant information sheet**

### **Title: The role of the hotel general manager in the Greek hotel sector**

You are invited to participate in a doctoral research project. This research has been approved by the School of Hotel and Restaurant Management at Oxford Brookes University. Your participation is voluntary and you can withdraw at any time. If you decide to take part you will be given a consent form.

This research examines the decision-making and the responses of the hotel units in Crete. Furthermore the practices used by the occupational group are investigated and these in turn will be related to the broader social environment. In this study a sample of 9 independent hotels will be selected. The research methods will take the form of at least one interview with the general manager, deputy general manager or business owner and each one is estimated to last at least one and a half hour. The study will also include a two-day observation of the general manager's activities.

The information given to the researcher will be confidential and the anonymity of the respondents as well as of the hotel units will be maintained. In case any quotes from the respondents are used in the study, these will be paraphrased and the name will be disguised (e.g. respondent A, hotel B).

For further information please contact:

Pavlos Stavrakakis – Doctoral candidate  
e-mail address: pavlos\_doc@yahoo.co.uk  
+0044 1865 483858

School of Hotel and Restaurant Management  
Oxford Brookes University  
Oxford, OX3 0BP  
United Kingdom

## Consent form

**Title: The role of the hotel general manager in the Greek hotel sector**

Pavlos Stavrakakis - researcher

e-mail address: pavlos\_doc@yahoo.co.uk

+0044 1865 483858

Please initial below

1. I confirm that I have read and understand the information sheet for the above study and have had the opportunity to ask questions	
2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason	
3. I agree to take part in the above study	
4. I agree to be audio recorded	

\_\_\_\_\_  
Name of participant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## Appendix 2: List of respondents

Reference	Organisation	Respondent
Aa	3* resort (3N)	Owner
Ab		General Manager
Ba	4* resort (4N)	General Manager
Bb		Deputy General Manager
Bc		Owner
Ca	3* resort on the south axis (3S)	Owner-manager
Cb		Financial director
Da	4* resort on the south axis (4S)	Owner
Db		General manager
Ea	3* city hotel (3C)	Owner
Eb		General Manager
Fa	4* city hotel (4C)	General Manager
Fb		Assistant Manager
Ga	3* owner-managed hotel (3OM)	Owner-manager
Gb		Deputy General Manager
Ha	4* owner managed hotel (4OM)	Founder
Hb		Owner-manager
Ia	Specialist hotel (Polar)	Owner-manager
Ib		Owner-manager
Agent 1	Travel agent	General manager
Agent 2	Specialist travel agent	Owner-manager
Agent 3	Specialist travel agent	Owner-manager

#### Pilot study

Sta	5* resort hotel on the south axis	Sales director
Xat	3* resort on the south axis	Owner
Fal	3* resort	Owner-manager
Asl	4* resort	General manager
Apo	3* resort	General manager
Apl	3* resort (state owned)	General manager
Dim	4* resort	General manager
Ian	4* city hotel (UK)	General manager
Kar	4* resort	General manager
Som	3* city hotel	General manager
Xei	3* resort	General manager

## Appendix 3: The interview schedule

### **Icebreaking session**

Could you tell me how you decided to enter the industry?

Could you tell me a few things about the hotel?

What are your work responsibilities?

What (activity/ies) takes you more energy and time? Why?

### **Main part**

What are the main problems you face as a hotel in this industry?

(prompts relating to the mechanisms and tools for the resolution of the problems)

(prompts relating to the structural inertia of the hotel)

(prompts linking the problems to the nature of the industry and the structure and positioning of the hotel in the market)

How did these trends and developments affected the industry and subsequently, the hotel's operation? (projectory assisted question)

How did the following patterns of action changed over the history of the hotel?

- a. Composition of markets
- b. Portfolio of partners
- c. Allocation of rooms
- d. Revenue sources

Could you give me further information regarding your yearly work cycle? (projectory assisted question)

### **Closing-up session**

(respondents are asked to fill in a form requesting information about their background)

## Appendix 4: The observation procedure

Ref	Location	Time	Activity	Comments
		Start – end, Total minutes spend on issues/ activities, calculate frequency of activities	e.g. tours, un/scheduled meetings, phone calls, deskwork, travel, personal, observer, interaction, other...	Source: extent of responding to others' request or initiate activities to be performed by others (e.g. principal, mutual, opposite party, clock, also negotiation of involvement, other...), purpose of contact (e.g. scheduling, ceremony, status/action request, observational tour, information exchange, review, negotiation, other...), handling of information (extent of confidentiality), selection of other actors, links with other refs, communication (meaning language, physical movements, speech, writing etc), limits (goal and time orientation)



Ref	Location	Time	Activity	Comments
92	hall	9:35-39	deskwork	δημιουργία και αντιστάσεις-επιμελέσεις για να ενδυναμωθεί 601 rec να τα ελέγξει και άλλα σχετικά με τα αδία? (dumps). Ζητείται εργασία για την επόμενη εβδομάδα δημιουργία
93	back	9:39-42	inter phonecall	επιμελέσεις και αποστολή CV. Βρίσκω πληροφορίες για ← διαφορές
94	back	9:42-43	inter phonecall	αδία? για action enquiry. Έρευνα σχετικά με allocation of banks.
95	cc	9:44	deskwork- review	ιδίως (5)
96	cc	9:45	phonecall	-
97	cc	9:46	cc	601 επιμελέσεις και επεξεργασία
98	cc	9:47-55	deskwork	in 9:50 για PC-επιμελέσεις
99	(barracks) cc	9:55	work	send fax.
30	cc	9:56-57	phonecall	check time (constraints), attempt phonecall check diary, call?
31	cc	9:58	cc	check diary, insert diary
32	cc	9:59 <sup>10:01</sup>	deskwork	δυνατότητα με επικοινωνία-αλληλεπίδραση με υπηρεσία
33	cc	10:00-04	deskwork	file and sort fax κα σύμφωνα με τις οδηγίες
34	cc	10:04-06	review deskwork	στα μερικά files
35	cc	10:07-08	cc phonecall review	check α βεβαιότητα, insert diary, phonecall - insert diary
36	cc	10:09	deskwork	enter system, check system check availability
37	cc	10:12-13	inter phonecall	αδία? re enquiry: υπέρ probat and rec and by solution: να αλλάξει αδία for
38	cc	10:13	phonecall	-
39	cc	10:14	review deskwork	check diary, phonecall - να γίνει επικοινωνία στα μερικά
40	- REC -	10:15	inter on form	on the way to work, but not, status information
41	- work -	10:16-19	inter form	να βρεθεί λειτουργία? δεν αν βρεθεί, filling by new action request and laundry lady
42	- REC -	10:20-21	inter on form	PC rec na? θα τα γράψω.
43	- back	10:22	phonecall deskwork	check (4) <sup>rec</sup> enquiry was call back re enquiries
44	back	10:23 <sup>20</sup>	review- deskwork	check diary → διαφορά 2:20 λεπτά και μετά 10:26 άλλα 4:40

\* ημερήσια ανεύρεση από ακαδημαϊκούς καθηγητές και εν κατακλείδι να οραθεί  
για αποδοχή των δεικτών να υλοποιηθεί στο χώρο του γραφείου που ανακαλύπτει ότι  
να γίνει (see 63)  
τα κριτήρια με τα οποία θα αξιολογηθεί είναι ότι πρόκειται να υλοποιηθεί σύμφωνα με τον προϋπολογισμό να έχουν  
τα κριτήρια. Για την περίπτωση που αναφέρεται στην ανάλυση των προτάσεων που είναι υλοποιήσιμες

Ref	Location	Time	Activity	Comments
45	back	10:30 <sup>-37</sup>	phoncall	6e d'ephepfa. 6e kaitan va bethanun ta klavisi
	"n' ayri da cum kum; d' n' beinut"			n'da 0u adina
46	back	10:35	inter phoncall	udo? uat' me'i enquiry (disrupt)
47	back	10:37	"	ada! <del>phon</del> rec, uadhera con d'ephepfa
48	back-rec <sup>back</sup>	10:38 <sup>-40</sup>	desktop	edit/insert data in the system, 108 ungl's en d'ephepfa um en d'ura 6m rec -> insert d'umy
49	back	10:43 <sup>-50</sup>	uncheduled meeting	pe? nit by rec(phoncall)
50	back <sup>goal</sup> -out	10:51	ton	10:51 opde 11:08 p'm 6e d'endomaio-pod, d'pob' d'ura 11:13 6e d'ephepfa
50-51	goal	10:52 <sup>-53</sup>	inter	pe u'ad. d'urha, d'ura claim reknet
50-52	goal - udajha-d'op' d'ura	11:05	task	u' d'ura u'at' d'ephepfa ep'eda u'at' d'ephepfa d'ephepfa u'at' d'ephepfa d'ephepfa
<p>d'pob' d'ura 11:13 6e d'ephepfa u'at' d'ephepfa d'ephepfa pe u'ad. d'urha, d'ura claim reknet</p>				
50-53	rec	11:30 <sup>-33</sup>	task	op'eta d'ephepfa p'a ta d'urha d'ura d'urha
54	rec	11:32 <sup>-38</sup>	inter	pe d' p'ob' d'ura u'at' d'ephepfa d'ephepfa
55	-rec-kajha	11:34 <sup>-38</sup>	task	unw'edh u'ad' d'ura d'urha u'at' d'ephepfa 6m d'urha d'urha
56	-ef' d'ephepfa <sup>u'ad' d'urha</sup>	11:38 <sup>-43</sup>	inter	pe (59) d'urha d'urha
57	-udajha <sup>d'urha</sup>	11:39	ton	pe d'urha d'urha u'at' d'ephepfa d'ephepfa
58	-d'urha	11:43 <sup>-45</sup>	inter	pe u'ad' d'urha d'urha (d'urha d'urha)
59	-rec	11:46 <sup>-48</sup>	inter	pe rec u'ad' d'urha d'urha
60	-d'urha <sup>d'urha</sup>	11:49 <sup>-53</sup>		
61	-rec	11:53 <sup>-55</sup>	inter	pe rec u'ad' d'urha d'urha, guide
62	-back	11:55 <sup>-58</sup>	desktop review	
63	"	11:58 <sup>-12:08</sup>	desktop	u'ad' d'urha d'urha d'urha d'urha d'urha u'ad' d'urha d'urha d'urha d'urha d'urha
64	"	12:03	inter	pe rec d'urha d'urha u'ad' d'urha d'urha
65	"	12:08 <sup>-12:10</sup>	review desktop	d'urha d'urha d'urha u'ad' d'urha d'urha pe d'urha d'urha d'urha

\* Anapa d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha  
d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha  
d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha d'urha

Ref	Location	Time	Activity	Δραστηρία	Comments
66	back	19:01	phonecall	and I enquiring. Na unanika va ptoan upro eidon ado	
67	back	19:05-06	phonecall	and had a call with the... To idio to dronopho tike	
68	back	19:07	phonecall	and had a call with the... va tu kallajta	
69	back	19:08 <sup>30</sup>	review	check diary, insert	
70	back	19:08	phonecall	Ge? Sa are eidika to dromi va ton twn... der drome ca fax un... ja... va upeba xrois...	
71	back	19:30-33	deskwork	enter the system, check	
72	u	19:35	phonecall	and? va bupnition... va upeba xrois...	
73	u	19:41	phonecall	rec na enquire on... va upeba xrois...	
74	u	19:42	u	drome staff va ton... va upeba xrois...	
75	- doghouse	19:46 <sup>30</sup>	task	va bupnition... va upeba xrois...	
76	- back	13:26-44	deskwork	(13:28 send fax), eidika va upeba xrois... file everything	
77	back	13:41-43	inter	re former by (drome) jeni enquiring. dromophos	
78	u	13:44-50	deskwork	check diary -> sort files -> send fax(es)	
79	u	13:50-	deskwork	check enter system, check emm (copy)	
80	u	13:52	inter	re rec (int and ado... va upeba xrois...)	
81	u	13:55-56	phonecall	and had a call with the... va upeba xrois...	
82	u	14:00-01	phonecall	and had a call with the... va upeba xrois...	
83	u	14:02-09	deskwork	carry on (79) check diary	

- katala re can information...  
 - Dromophos va dromi...  
 - Anapa dromophos va upatia...

## Appendix 5: Trends and developments in the industry (graph)

1999  
 - Επιχειρήματα για Τσάμια  
 - Τίτλος από Τ.Ο.  
 Early Booking

2000  
 - Αύξ. πωλήσεων για διαμονή  
 ή να ελπίσει 601709

2001  
 - LL Leadership  
 'Ανταρσία στην Ομάδα?'  
 - Αύξηση αυτισμού στα Τ.Ο.  
 - (6) Κοζοίμ

2002 - Βιολογία  
 2003

Πρόσφατα σε Κορυφίδα  
 - Promotion Τσάμια  
 - Χαρίση σελίδας  
 - Ανταρσία στην Ομάδα  
 - Τίτλος από Τ.Ο.  
 - Κλάση σε διαμονή με το εμπόριο  
 - Έδωκεν στην Ομάδα  
 - Σε περίπτωση σφάλματος  
 - Εξοπλισμός στην Τ.Ο.  
 - Προβλήματα παρουσίασης?

Πρόσφατα σε Τ.Ο για  
 Φόρμα επιπέδου

Απόδοσης Τ.Ο.

Απόδοσης σε χώρο διαμονής

## Appendix 6: Background information form

Age:

Tenure in the position of the general manager:

Tenure in the hospitality industry:

Tenure in the current hotel unit:

**Education**

<b>Course</b>	<b>Country</b>	<b>Dates</b>

Have you gained any other qualifications? Please specify:

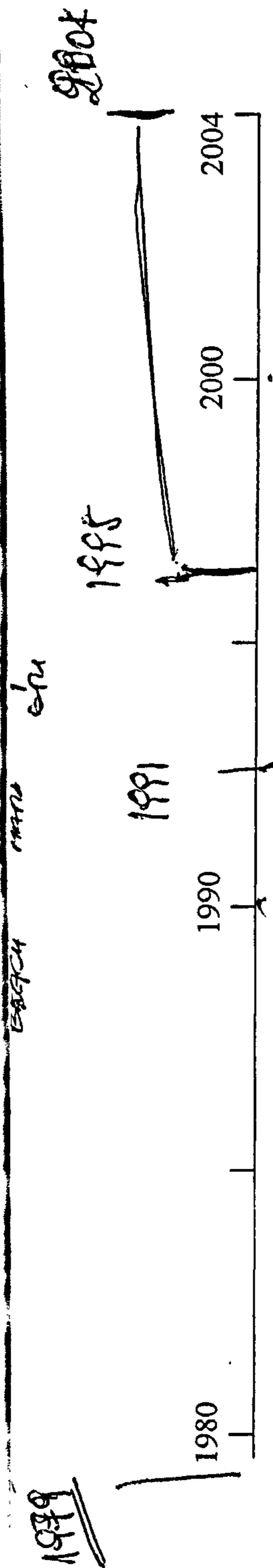
### Work experience

Position	Country	Dates

Before you started working professionally in the tourism industry did you have any other traditional ties with the industry (e.g. family business or occupation)? Please specify:



## Appendix 7: The organisation's life cycle (example)



Μεταβολές σε:

Σύνθεση αγορών

0.35007

50%  
 ΓΕΡΜΑΝΙΑ - ΣΑΡΔΕΝΙΑ - ΑΙΓΥΠΤΟΣ - ΟΛΛΑΝΔΙΑ - ΒΕΛΓΙΟ

Σύνθεση συνεργατών

35%

Διανομή δωματίων

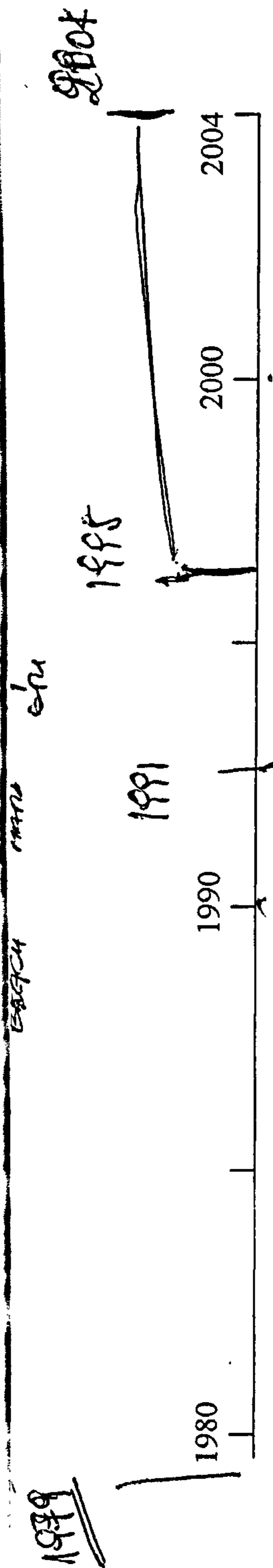
50000	ΔΡΑΜ
30.000	Αδ.

100 € 4  
 10 € 2

Αλλαγές στα τμήματα και τις πηγές εσόδων

70.66%  
 100%

30



Μεταβολές σε:

Σύνθεση αγορών

0.35007

50%  
 ΓΕΡΜΑΝΙΑ - ΣΑΡΔΕΝΙΑ - ΑΙΓΥΠΤΟΣ - ΟΛΛΑΝΔΙΑ - ΒΕΛΓΙΟ

Σύνθεση συνεργατών

35%

Διανομή δωματίων

50000	ΔΡΑΜ
30.000	Αδ.

100 € 4  
 10 € 2

Αλλαγές στα τμήματα και τις πηγές εσόδων

70.66%  
 100%

30