
Strategic reflexivity in the hotel industry – a value-based analysis

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Abstract: In an incessantly altering global tourism industry, hotels are forced to develop new strategic models. Models that do not simply fit new competitive conditions, but perpetually and automatically predict and adapt to these, according to the pace and nature of change. The aim of this research is to examine related knowledge towards constructing an applicable concept for the practicing hotel industry, in the context of ‘strategic reflexivity’ and through a value-based analysis. The findings indicate the need for a strategic transition from current mechanistic approaches to more creative marketing notions; that are based less on traditional elements of analysis and more on the perception of value. Value is presented as being multi-directional and multi-perspective, in the sense that it is created by all stakeholders and for all stakeholders. The research finally proposes a preliminary generic value-based strategic reflexivity model for individual hotels, expanding in parallel on its key theoretical and managerial implications.

Keywords: hospitality industry; hotels; tourism; strategy; reflexivity; value; marketing; competitive advantage.

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1 The contextual framework

Bemused and overwhelmed by the incessant change characterising practically every aspect of the business world, companies persistently, and yet largely unsystematically, attempt to adapt. Marketing tactics applied for decades appear progressively powerless to defend them against a strengthening hyper-competition; while conventional strategic processes and goals frequently prove both ineffective and irrelevant. While the illness (incessant change) and the symptoms (strategic ineffectiveness) are gradually acknowledged, the cure eludes the significant majority of companies (Bresciani and Ferraris, 2012; Thrassou et al., 2012).

Scholars, in their effort to comprehend this changing business world, have offered both conventional explanations in terms of costs, structures etc. and more

conceptual/idiosyncratic ones, such as the rising form of the new consumer and its corresponding behaviour (Vrontis and Thrassou, 2007a). In the latter context, businesses are perceived as marketing reflections of consumer behaviour and therefore strategic decisions are directly linked to it as well, largely through a value-based approach. It appears that researchers are increasingly advising business to shape their strategies in the direction of transformation and renewal, dynamic capabilities, high levels of organisational flexibility, learning and knowledge transfer skills, adaptive corporate culture, and more (Eisenhardt and Martin, 2000).

Ultimately, in an incessantly shape-shifting business world, with no lasting competitive advantages, true competitive advantage comes from businesses' ability to innovatively keep up with change when most cannot. Correspondingly, in the hotel industry, at both the strategic and tactical levels, the need for evolution is becoming increasingly recognised, but confusion is still predominant regarding the manner or nature of change.

Tourism services have become of immense value to several countries. The latest World Economic Impact Report by the World Travel and Tourism Council (WTTC, 2012) shows that world travel and tourism continues to grow in spite of continuing economic challenges. The direct contribution of travel and tourism to GDP in 2011 was USD 1,972.8 bn (2.8% of GDP). This is forecasted to rise by 2.8% to USD 2,028.2 bn in 2012. The direct contribution of travel and tourism to GDP is expected to grow by 4.2% p.a. to USD 3,056.2 bn (3.0% of GDP) by 2022. The total contribution of travel and tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) was USD 6,346.1 bn in 2011 (9.1% of GDP) and is expected to grow by 2.8% to USD 6,526.9 bn (9.2% of GDP) in 2012. It is forecasted to rise by 4.3% p.a. to USD 9,939.5 bn by 2022 (9.8% of GDP).

Travel and tourism generated 98,031,500 jobs directly in 2011 (3.3% of total employment) and this is forecasted to grow by 2.3% in 2012 to 100,292,000 (3.4% of total employment). By 2022, travel and tourism will account for 120,470,000 jobs directly, an increase of 1.9% p.a. over the next ten years. The total contribution of travel and tourism to employment was 254,941,000 jobs in 2011 (8.7% of total employment). This is forecasted to raise by 2.0% in 2012 to 260,093,000 jobs (8.7% of total employment). By 2022, travel and tourism is forecasted to support 327,922,000 jobs (9.8% of total employment), an increase of 2.3% p.a. over the same period.

In the diversity of services in the tourism sector (Tremblay, 1998), the research focuses on the hotel industry, which

- 1 is fundamental to the provision of all other tourism services (Orfila-Sintesa et al., 2005)
- 2 comprises companies that are homogenous in production and competitive setting
- 3 carries, as shown above, a high relative weight in the totality of tourist expenditure.

The paper presents a primary data-based, albeit conceptually developed proposition on the strategic direction and philosophy individual hotel businesses need to adopt. In the context of 'strategic reflexivity' and through a value-based analysis, the proposals underline the need for a holistic and comprehensive strategic redefinition and redevelopment from first principles. The findings indicate the need for a strategic transition from current mechanistic approaches to more creative marketing notions that rely less on traditional elements of analysis, such as financial, infrastructural and

service-range ones; and more on the perception of value. Additionally, value is presented as being multi-directional and multi-perspective, in the sense that value is created by all stakeholders and for all stakeholders; starting from the customer, continuing through the hotel itself, its industry actors, the wider society and back again. The research finally proposes a preliminary generic value-based strategic reflexivity model for individual hotels, expanding in parallel on its key theoretical and managerial implications.

The paper does not and cannot offer any comprehensively conclusive plan for countering competitive conditions, nor any magic formula for success. It does, nonetheless, offer valuable insights to some key aspects of the hotel industry and market; and instils a process and a frame of mind in the development of strategic planning.

2 Research aims and methodology

The aim of the research is to study the arising strategic context and options of the hotel industry; and to construct a preliminary prescriptive value-based strategic reflexivity model towards lasting competitive advantage.

Towards this aim, five objectives have been set:

- 1 To build a contextual framework for the research, through a study of the strategic conditions and trends pertaining to the hotel industry.
- 2 To undertake primary research that will establish key strategic competitive parameters relating to the hotel industry.
- 3 To undertake a value-based analysis of the theories and conditions pertaining to hotels, both as an industry and as individual organisations.
- 4 To investigate and develop the 'strategic reflexivity' concept in the hotel industry context and through the above value-based analysis.
- 5 To construct a 'preliminary prescriptive value-based strategic reflexivity model' towards lasting competitive advantage for individual organisations within the hotel industry; and to provide theoretical directions towards further research, as well as the research findings' managerial implications.

Methodologically, the research applies two main approaches. The first is partially secondary-data based and includes the collection and analysis of the general conditions and trends relating to the international hotel industry. The data utilised in the analysis are mainly taken from the 'World Economic Impact Report' by the World Travel and Tourism Council (WTTC, 2012). The first approach is principally nonetheless, primary-research-based and focuses on the determinants of performance in the hotel industry; presenting empirical evidence on the contribution of determinants on performance. The results investigate the relationship between performance and its determinants; and verify whether variables such as size, category and variety of services provided, positively influence the performance of hotels. This primary research part of the paper includes the selection process of a sample of 450 hotels in Italy, and a questionnaire survey based on this sample; which included only hotels with a star rating of three or more (on a rising scale of one to five). The questionnaire was structured and was sent, collected and analysed over 2011 and 2012. 208 hotels responded with acceptably completed questionnaires (a successful response rate of 41.60%).

This research applied a revisited version of the model of analysis used by Sainaghi (2010). The author identified revenue per available room (RevPAR) determinants of individual firms located in a destination analysing a sample of 72 hotels operating in the three to five star range. The model was subsequently and consequently synthesised using dimension (Dim), star rating (Stars) and services provided (Congr) as *dependent variables* and revenue per available room (RevPAR) as *independent variable*. So:

$$\text{RevPAR} = \beta_0 + \beta_1 \text{Dim} + \beta_2 \text{Stars} + \beta_3 \text{Congr}$$

where:

RevPAR (revenue per available room): a performance metric in the hotel industry

Dim: number of available rooms

Stars: number of stars of the hotel – category

Congr: binary variable which detects the presence of meeting rooms and congress spaces (1 = yes; 2 = no).

Several studies use RevPar as indicator of the hotel performance (Kim and Kim, 2005; Cho and Erdem, 2006; Namasivayam et al., 2007; Campos Blanco et al., 2011) due to the fact that it is not an economic variable and it grasps the importance of competitive/strategic indicators.

The second methodological approach of this research is based on an extensive theoretical study, analysis and conceptual development of two critical aspects of the hotel industry: the essence and role of the various types of ‘value’ by and to all hotel industry stakeholders, and the strategic context of the hotel industry through the prism of incessant change, competitiveness and ‘reflexivity’.

The research, is well founded on primary, secondary and theoretical work, but is ultimately a conceptual proposition for a strategic model of the individual hotel organisation. The findings are neither absolute, nor final; but do pave the way for an innovative strategic redevelopment of hotels at a time of strategic scepticism.

3 The hotel industry

3.1 Contextual framework and determinants of performance

A distinctive feature of hotel management theory concerns the complexity arising from the range of diverse activities undertaken (e.g., accommodation, food and beverage, laundry, etc.) within a building where service provision coincides with customer service consumption. The hotel manager is often criticised for trying to wear ‘too many hats’ (Rowe, 1993) and problems with poorly performing hotel restaurants are often attributed to differing core competencies required in hotels and restaurants (Hemmington and King, 2000). Outsourcing represents a way to manage this diversity problem.

Although significant attention has been directed to hotel outsourcing management issues in professional-oriented periodicals (e.g., hotel and motel management, lodging hospitality) as well as (more recently) by hospitality researchers (Goldman and Eyster, 1992; Hallam and Baum, 1996; Hemmington and King, 2000; Paraskevas and Buhalis, 2002; Espino-Rodriguez and Padron-Robaina, 2004, 2005; Lam and Han, 2005;

Lamminmaki, 2005, 2006, 2007), to date, limited accounting research interest was exhibited on hotel management issues. The few exceptions to this observation include Brignall et al. (1991), Collier and Gregory (1995a, 1995b), and Guilding (2003). Chenhall (2003, 2007) overall notes a growth in the importance of service industries and specifically cites the hospitality and tourism sectors as providing opportunities for future research.

In the general business context, firms' performance relates to both external and internal factors: external, because firms compete in sectors and markets which influence strategy and results; internal, because firms have to decide every day on the correct way to operate, to allocate resources etc in order to manage business functions and reach goals (Bresciani et al., 2012).

For service firms, such as hotels, performance is not just related to balance sheets and financial data such as return on investment, return on sales, price variances, sales per employee, productivity and profit per unit of production (Ghalayini and Noble, 1996), but also to human resources, quality, image, brand awareness and other less tangible and/or quantifiable factors (Thrassou and Vrontis, 2009). Specifically, in the hotel industry, competition is based on the 'value' offerings of the service product, and it is consequently necessary to define and assess its various dimensions regarding hotel performance. Studies of performance indicators are discussed in the literature and measured largely by the firm's financial outcomes.

However, in the last 25 years, there has been a revolution in performance measurement (Neely and Bourne, 2000). Measurement approaches that relied only on financial results are now being replaced by more integrated systems that combine financial and non-financial indicators (Bergin-Seers and Jago, 2007). The most important consequence of performance not being quantified in financial terms only is the indirect yet clear linkage of performance to customer satisfaction and quality (Ghalayini and Noble, 1996).

Indeed, hotel industry performance can be measured using occupancy performance, such as average occupancy rate: a practical alternative approach, in view of the reluctance of hotel managers to provide details on financial performance (Sun and Lu, 2005). Moreover, revenue performance indicators themselves in the hotel industry, include total operating revenues, average production value per employee and others (Wassenaar and Stafford, 1991). Through these new approaches therefore and their combination, performance in the hotel industry has been studied by linking performance to both external and internal factors.

Some authors tried to find a correlation between performance and external factors. Tang and Jang (2009), for example, analysed the relationships between the performance of four tourism related industries (airlines, casinos, hotels, and restaurants) and GDP in the US, showing no correlation between economic growth and industry performance. In the same direction Arslanturk et al. (2011) do not find time-varying linkages between tourism receipts and economic growth. On the contrary, Brida et al. (2011) reviewed the main econometric studies that have addressed the analysis of causality between tourism and long-term economic growth, discovering that there is strong empirical evidence for the hypothesis of tourism's long-term economic growth. Similarly, Brida and Monterubbianesi (2010) found that tourism activity drives economic development in all the countries analysed. In fact economic, as well as strategic and branding synergies can be found between tourism and other industries (Rossi et al., 2012).

Other authors looked for a correlation between performance and internal factors. Gursoy and Swanger (2007) examined the internal strategic factors likely to influence company financial performance for service organisations, from the managers' perspectives; providing empirical evidence on the links between the internal strategic factors examined and financial performance of service organizations. Sainaghi (2010), investigating the hotel performance factors and using the balanced scorecard as a model to rationalise the main streams of research, put in evidence that in the literature, determining factors are generally looked for within the enterprise (strategy, production, marketing and organisation). Other authors analysed internal variables related to several firm functions, processes and operations, with a strong focus on strategy (Ingram, 1996; Ingram and Baum, 1997; Bresciani et al., 2010), marketing (Kim and Kim, 2005), production (Sigala 2004; Barros, 2004) and organisation (Øgaard et al., 2008).

It is clearly visible therefore, that in existing literature, indicators used to measure these variables can be clustered into two main groups: balance sheet indicators and competitive/strategic indicators (i.e., employment, prices, revenue per available room, rate of revenue growth, customer satisfaction). Among all these studies and theoretical background, this research primary-data part focuses on the determinants of revenue per available room (RevPar); a performance metric in the hotel industry, which is calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured.

3.2 Linking strategy, performance and people

The hotel industry has been historically renowned for its poor pay, inferior employment conditions and deficient adoption of HR practices. The industry has largely relied on a low cost, numerically flexible and disposable workforce. Increasingly, however, there have been debates concerning the extent to which managers in the hotel industry are embracing high commitment HRM and functionally flexible work practices (Bresciani et al., 2012). Interest in HRM within the hospitality sector has been increasing since the 1990s, with the first studies, showing a lack of interest among managers in HRM practices Hales (1987), Guerrier and Lockwood (1989), Lockwood and Guerrier (1989), Price (1994) and Lucas (1995, 1996). Later research though, showed that the interest among hotel industry managers on HRM practices, which could help organisations in improving effectiveness and hence better performance outcomes, was visibly increasing (Harrington and Akehurst, 1996; Gilbert and Guerrier, 1997; Hoque, 1999; Watson et al., 2007).

However, it was only during the 2000s that it was possible to find specific evidence of the systematic use of HRM practices within the hospitality sector. In these last few years, it became evident that overall, a relationship between HRM and performance exists primarily among hotels emphasising the importance of quality enhancement. HRM proves ineffective where cost control is seen as the key to business strategy. In parallel, there is strong evidence that higher performance exists where HRM is introduced as a strategic part of the individual hotel business strategy; theoretical findings that corroborate also older work by Ichniowski et al. (1994), MacDuffie (1995) and Hoque (1999).

Interrelating and logically extrapolating on the theoretical findings of this research, it is further possible to conceptualise the linkage between strategic aspects of the hotel

industry, including strategy, management, performance, marketing and customer behaviour (Bresciani et al., 2010).

To start with, the strengthening relationship between HRM and strategic formalisation appears to lie primarily in the marketing interpretation of the phenomenon. Specifically, in the services sector, and especially in high-contact services, such as this research's focus, HRM is increasingly related to the organisation's ability to better serve its customers. Beyond the obvious explanations of this fact, relating to better employee quality, efficiency/effectiveness, transferability, improved service, customer satisfaction etc. (Lovelock and Wirtz, 2011) one needs to 'zoom out' and see the forest rather than the individual trees. The human resource for high-contact services is not simply important for the organisation; it is the organisation. The interpretation of this research's results is more valid if one reverses the perspective and looks at the organisation through the eyes of the customer, instead of the more usual opposite. From this perspective, and excluding tangibles, human resource constitutes the service's facade and consequently the measure of service satisfaction (Zeithaml et al., 2006). Moreover, the human resource is the means to building an identity for the service, a brand image, positioning, and overall creating the perceptions that ultimately form and solidify customers' evaluations, attitudes and beliefs regarding individual organisations (Thrassou, 2007). Not surprisingly therefore, the more attention is being paid to HRM the better the results of the hotel in terms of performance.

Moreover, since the 'people value' is closely related to the marketing aspects of the business, it is only natural that corresponding tactics and processes can never reach their full potential if designed and applied independently. On the other hand, if designed as part of a wider strategy, that considers all business aspects, including marketing, branding and of course finance etc, it is naturally more successful. At the same time, strategically formalised management allows for decisions to be taken subsequent to methodical and systematic environmental analysis, while communications and actions can be more effective as part of a wider formalised strategy (Kotler et al., 2005; Smith and Taylor, 2002).

The above realisations nonetheless, explain the phenomena in terms of business practices, but do not identify their underlying causes. The latter can be understood through a study of the development of consumer behaviour in the services sector, a subject largely outside the scope of this paper. Nonetheless, to touch upon the root-cause of these phenomena one needs to refer to existing research that sheds valuable light on the subject. Of primary value to this end is the conceptual framework for a business-consumer relationship (Vrontis and Thrassou, 2007a), as well its marketing communications application (Thrassou and Vrontis, 2009). The authors show that contemporary consumer behaviour increasingly shifts value from the tangible to the intangible and from the pragmatic to the perceived service. In this context the value of 'people' and consequently is becoming increasingly important. In the same context, the input of 'people' in the construction of subjective perceptions of service value stretches far more than its functional capability to fulfil its purpose.

Strategic planning, marketing, HRM and performance therefore, all come together in terms of a hotel's functional abilities, but more importantly, through the formation of the customers' impressions, attitudes, beliefs; and ultimately of the brand image and value itself. Using the original authors' (above) terminology: the intersection of these business notions (strategy, performance etc.) is the essence of 'perception management' and 'branding'; themselves being correspondingly the primary 'process' and 'vehicle' towards the terminal business aims of: shift of focus of marketing communications from

the products and their attributes to the product experience, the product intangibles and, in essence, service higher-order value additions.

4 Primary research results

The results prove that category (star rating) is the only determinant of hotel performance among those investigated. Category has a positive correlation with performance, which means that hotels of higher quality exhibit a greater capacity to handle employment and prices, yielding a value higher in RevPAR.

Underlying the strong correlation between star rating and size/dimension (0.593) it can also be said that the hotels of higher category also tend to be larger and thus show greater efficiency. The stars also have a high correlation with conference services (0.398), allowing a more efficient management of employment and prices. During low season it is possible to enhance these services to attract specific segments of the business (meetings, incentives, congress). In addition, the sale of additional services (conference spaces) tends to increase the revenues of the structure, reflected as a higher RevPAR.

It is also interesting to interpret the assumptions that have not been verified by the analysis; and in particular the absence of a significant correlation between size/dimension and performance (Hp1), and between services provided and performance (Hp3). Size/dimension does not show a significant correlation with performance; a result which may seem strange, given the strong emphasis that usually arises on the economies of scale and specialisation. One possible explanation is location. The larger structures tend to be located in areas not central or, often, very remote.

Finally, services provided have a positive correlation, but not significant, with the performance. This evidence is rather unique. Indeed, it is reasonable to expect that this appeals to seasonality and adjusts employment and revenue growth, generating an improvement in RevPAR; and therefore one would expect that the sign is not simply positive, but that the correlation is also significant. One possible explanation may be related to the difficulties facing hotels during the low season. Moreover, congress services are often used by local businesses that do not arise overnight. This reduces benefits in terms of employment and prices.

Generally speaking, from the data collected in the study and their analysis, it is evident that quality is a key cultural factor pervading a hotel's management philosophy and approach to operations. This factor is underscored by the importance of the hotel star rating system. The star rating system signifies that hotels are independently branded with respect to their quality. A priori, it is to be expected that higher quality hotels will have more sophisticated management systems to support their higher quality service delivery. As maintenance of high quality of service is expected to be more important to higher star rating hotels, it follows that high star rating hotels will implement relatively sophisticated systems to assist in the decision-making process and to control the quality of service provided by subcontractors.

The constant increase of demand of touristic services therefore, and the request for higher standards by the guests, has fuelled competition among hospitality suppliers and highlighted how the attraction of the touristic destination is influenced by the standards of the services provided by the local hotels. In this context, providing high quality services and improving customer satisfaction are widely recognised as fundamental factors

boosting the performances of companies in the hotel and tourism industry (Dominici and Guzzo, 2010). Hotels with good service quality will ultimately improve their profitability.

The research results though, coupled with the theoretical research findings do surface some additional strategic considerations. Firstly, the affiliation with international chain brands is a trend that cannot be overlooked and therefore hotels will need at some point to make a strategic choice between independence and conformity to specifications of international groups; and in conjunction decide also the degree to which the country-specific attributes shall or not overshadow the international ones (Vrontis et al., 2006, 2007b, 2009). Secondly, quality and client satisfaction may be referred to in a 'static' and objective manner throughout the research; they are terms nonetheless that are both 'dynamic' and subjective. It is thus necessary for hotels to have constant and updated understanding of customers' expectations and definitions/attributes of quality, as these are not only frequently very different to what hotel managers believe them to be, but also changing with an increasing pace (Thrassou and Vrontis, 2009). Finally, the very fact that consumer demands, attitudes, expectations, evaluation processes and factors change incessantly, increasingly strengthens the need for hotels to develop strategies that are flexible and 'reflexive' enough to automatically adapt accordingly (Thrassou et al., 2012).

On a catalectic note, the research has strengthened the belief that performance must be linked to indicators of less tangible nature. Additionally, it is clear that these indicators are very much linked to concepts such as 'quality', 'value' and 'satisfaction'. Terms that are highly subjective and in need of definition regarding the specific industry. Ultimately, a shift must occur in hotel management philosophy, from the quantifiable and mechanistic approach to the value-based strategic marketing one.

5 A value-based analysis

5.1 A consumer-focused perspective

Vrontis and Thrassou (2007a) found that the highly competitive environment necessitates for businesses, both the understanding of the nature of demand and the ability to satisfy it. Intense competition means that greater value is frequently offered through means such as innovation (Mukherjee and Hoyer, 2001), augmented products/services/ideas, customisation, personal attention, convenience and others (Naumann et al., 2001; Thøgersen and Olander, 2002). Furthermore, simply meeting expectations is often not enough. Organisations have to surpass expectation to meet the prerequisites of quality (Foreman, 2000; Naumann et al., 2001; Gupta and Lehmann, 2002; Blackwell et al., 2006). An additional option is the ability of organisations to create innovative value (Bresciani et al., 2011; Chebbi et al., 2011) through the building of an appropriate brand image that is perceived as transferable to the individual. In a developed world dominated by media and other communication channels, perception often becomes a more critical parameter than reality itself (Naumann et al., 2001; Palmer and Ponsonby, 2002; McCullough et al., 2004; Thrassou and Lijo, 2007).

For hotels, the implications are many and profound. Hotels offer a service (albeit a tangible-intensive one) that is largely 'mouldable' in the hands of marketers, while allowing for a relatively wide spectrum of potential target markets and segments. The hotel service characteristics of ambiguity, intangibility and subjectivity, considering also

the rising form of contemporary consumer behaviour, allow hotel strategists and marketers to utilise creativity and innovation in the design of their value propositions and capitalise on the comprehensive attributes of their product; both individually and collectively. In short, the inherent attributes of the hotel product permits the creation of added value to the customer, frequently with no additional financial cost.

Hoteliers, have the flexibility to position their offered value according to the conscious and/or subconscious needs of their target markets at will i.e., rest on perception management to achieve the images and associations they desire for the clubs financial or other benefits (Thrassou and Vrontis, 2009). The key to achieving the above evidently lies in the very notion of value. Not simply in its conceptual definition regarding hotels, but in its methodical identification and correlation with individual target markets.

5.2 The hotel value grid axes

Recent researches (Chebbi et al., 2011; Thrassou et al., 2012) note the need for reconsideration in the overall manner in which organisations practically deal with the wider process of product design. They support that individual organisations need to redefine and reorganise their product design and development processes based on their individual characteristics, resources and strategic aims. They further organised value considerations into three categories of research perspective requirements: the 'value-defining' ones, the 'process-defining' ones, and the 'context-defining' ones. continuing, they identified seven different main types of 'value' stemming from the innovation process, and seven different main stakeholders – three external and four internal ones. They finally note that two very difficult concepts must be mastered, in the same context: on the one hand, the interdependencies between the business and the consumer needs, and on the other, the notion of value and its role in the design and development of the organisational product.

Value appears to offer itself in a multitude of manifestations, each of which has a different relative weight depending both on the product and the individual stakeholder (external or internal). These value manifestations additionally can be subtly segregated into two categories: the 'soft' and 'hard' ones. The latter relate to value stemming from technological, functional, financial, procedural, and/or time-related elements; while the former (soft) stem from psychological, mental, sensory and/or image-related innovations.

Practically, for hotels, value must be the absolute measure in their strategic decision making process. This simple fact lies at the heart of contemporary marketing philosophy and yet grasping it still appears difficult for many hoteliers, who still base their decisions on the more tangible strategic elements of cost, functionality etc. Even among the increasing number of executives who have inevitably converted to the more effective, value-based approach, the dilemmas are still difficult and crucial.

Chebbi et al. (2011) focus on these dilemmas and indicate they have a common root: they are all associated with the choice regarding the values that need to be developed, for whom and how. To make the choice, businesses have a tripod of functions to perform, within their strategic marketing processes. Firstly, they need to identify the internal and (more importantly) external stakeholders of their potential value propositions. Secondly, they should undertake research that will relate weighted value manifestations with individual stakeholder segments. Lastly, they need to develop those capabilities needed towards the production of the values found to be most significant.

Table 1 The hotel generic value grid axes

<i>Generic hotel value propositions (X-axis)</i>			<i>Generic hotel value stakeholders (Y-axis)</i>		
<i>Physical</i>	<i>Functional</i>	<i>Mental</i>	<i>Internal</i>	<i>Customer</i>	<i>External</i>
Buildings	Recreation	Brand image	Board and management	Loyal guests	Tourism organisations
Socialisation facilities (restaurants, clubs, bars etc)	Adventure/exploration base	Personal image	Shareholders	Convenience-motivated returning guests	Suppliers
Body and spirit facilities	Accommodation	Formal rating	Staff	Casual guests	Sponsors
Children and family facilities	Business functions	Social status	Individual hotel brand	Groups	Direct competitors
Event and business facilities	Convenience	Entertainment/pleasure	'Umbrella' hotel brand	Organisations	Indirect Competitors
IT infrastructure	Auxiliary business benefits	Social relationships	The hotel as an economic entity	Non-staying guests	Associates and consultants
interior design and furniture	Marketing benefits	Cultural	The hotel as an organisational system (processes and procedures)	Functions' employers (individuals)	Finance and insurance organisations
Open spaces and landscaping	Information	Political		Functions' employers (organisations)	Hospitality and tourism associations
Employee presentation	Location and Scenery	Knowledge		Targeted customers	Other industry forces
Food and beverage	Procedures and processes	Change		Local guests	Agents and resellers
Auxiliary tangibles	Serviceability	Lifestyle		National guests	Local authorities
Financial/profitability	Performance	History		International guests	Local community
Sounds and smells	Reliability	Family			Media
	Conformance to specifications	Environmental			Citizen action/pressure groups
	Responsiveness	Conformance to expectations (perceived quality)		Wider society	
	Assurance	Sense of belonging			
	Efficiency	Empathy			
	Effectiveness	Communication			
	Productivity	Affective			
	Variability	Psychological			
		Perceptual			

Source: Personal elaboration

It is thus, evident, that ‘value’ persistently emerges as a critical and defining factor, at both the strategic and procedural levels; yet no taxonomy or categorisation of ‘value’ was uncovered, that incorporates both the ‘type’ and ‘stakeholders’ of value, for the hotel industry. This paper therefore, brings forward the knowledge obtained through its research to present a preliminary hotel-specific categorisation of potential values and stakeholders, as well as their interrelationship.

From the above theoretical review, the research has identified and isolated three types of hotel value propositions: the ‘physical’ (hardest), the ‘functional’ and the ‘mental’ (softest) ones. It is interesting, that though the physical value propositions are the most visible ones, they are in fact mostly the means to achieving the stronger functional and mental ones. The research has further isolated and divided the value proposition stakeholders into three categories: the internal, the customer and the external ones.

Based largely on an extrapolating triangulation of the findings, and as a theoretical starting point, not a definitive prescription, the research is able to propose the following value grid axes for hotel organisations (Table 1).

The two axes (x, y) are essentially the two sets of elements that need to be interrelated in order for individual hotels to identify what constitutes added value to all stakeholders. There is little evidence for this research to venture also this association, and therefore this part is left to further research. The identification of the elements composing the two axes nonetheless, provides researchers and practitioners with the essential focal points of their strategic planning. This in turn allows this paper to present the above in the context of strategic reflexivity and to propose a corresponding model.

6 The strategic reflexivity concept – developing the model

This first decade of the third millennium finds the world changing at a once unimaginable pace, disorienting executives, who increasingly now turn to strategic redevelopment that assumes change as the only constant in a shifting world. In the same spirit, ‘strategic agility’ theory presents a mode of thought and a functional strategic attitude that befits the confounding nature of contemporary market conditions to bestow again both context and purpose to strategic planning. The ‘agile enterprise’ strives to make change a routine part of organisational life to reduce or even eliminate the organisational trauma that paralyses many businesses attempting to adapt to new competitive conditions (Hamel and Valikangas, 2003). Because change is perpetual, the agile business can in fact take advantage of emerging opportunities at both tactical and strategic levels. Simply put: because change is never-ending, so is the advantage of the agile businesses over the rest.

Executives have implemented hefty changes to build organisational capabilities that are valuable, rare, and inimitable; modifying their internal organisations, evolving more lean and flexible structures, and adopting processes and corresponding attitudes, which enable them to react quickly to adapt their businesses to any imposed change (Foss and Laursen, 2000; Laursen and Mahnke, 2000; Wilkinson, 2000; Ham and Kleimer, 2002; Tardivo et al., 2011). Their success rested on the ‘fast strategy game’, in which the rules change at each ‘throw of the dice’ and competitive advantages do not last. The skills mostly valued in this game are reflex-adaptability, fast innovation and the development of new capabilities as a strategic imperative (Doz and Kosonen, 2010a, 2010b).

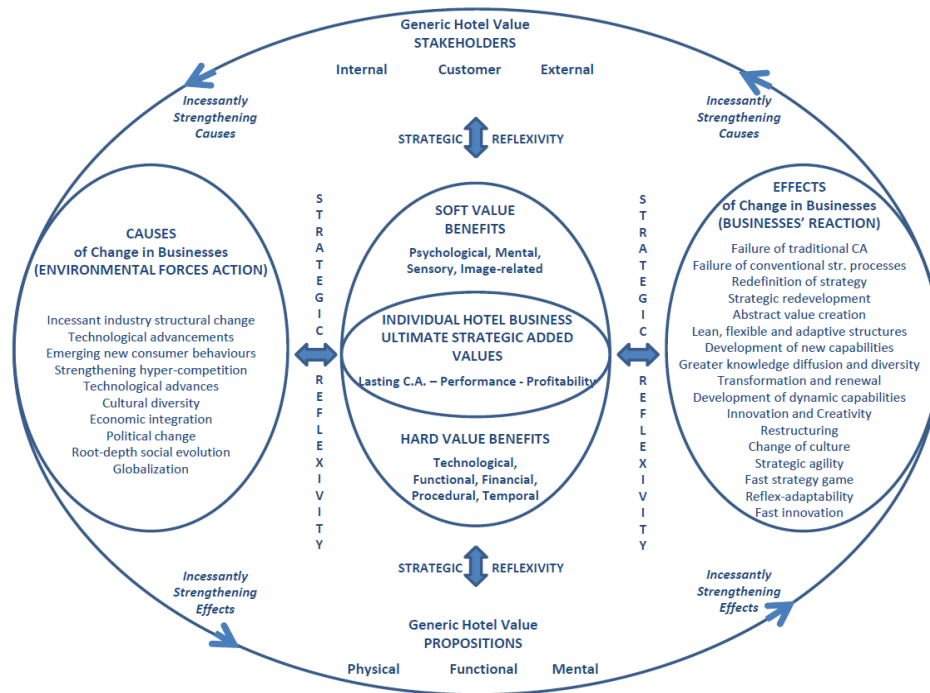
Overall, to cope with growing strategic discontinuities and disruptions, scholars have suggested to businesses: transforming and renewal, developing dynamic capabilities,

maintaining high levels of organisational flexibility, developing learning and knowledge transfer skills, using adaptive corporate culture, and more (Eisenhardt and Martin, 2000). Ultimately, in an incessantly shape-shifting business world, with no lasting competitive advantages, the only true competitive advantage comes from businesses' ability to innovatively keep up with change when most cannot.

Overlaying the findings of this research on existing literature, it is evident that contemporary hotel businesses require strategic redevelopment; but not in the conventional sense of austere change of direction, procedural redesign and/or reorganisation of resources. What is demanded is not redevelopment of business strategy at a system level, but redevelopment of the very notion of strategy. The concept itself needs to be redefined by scholars and executives alike, to develop hotel businesses that seek competitive advantage through environmental changes and not in spite of them.

In this context, the distinct but interrelated elements of strategy, marketing, performance and competitive advantage are linked, through the notion of 'value', to create a preliminary strategic reflexivity model for hotel businesses. Stemming from the above analysis, this concept dictates that contemporary business strategies must not rest on time and conditional planning towards specified aims. Instead it should set up knowledge-based mechanisms that reflexively react to environmental changes, at a tactical level. 'Reflexivity' therefore becomes both the ends and means of contemporary strategic thinking; and value-based analysis its most critical vehicle.

Figure 1 Value-based strategic reflexivity model for hotel businesses (see online version for colours)



Source: Research-developed

Recapitulating the various components of findings, it is possible to construct a comprehensive model incorporating and interrelating the key elements of change and value. The model is preliminary and conceptual in nature, but does lay the foundation for a modified, value-based, strategic thinking in the hotel business.

The model presents the various components within an interlinked and counterbalanced system; with ‘causes’ and ‘effects’ of business change on two opposite ends. In spite their theoretical classification, the two are in fact presented as incessantly reshaping each other, ultimately invalidating the very distinction between their terms. In parallel, hotel ‘value propositions’ and ‘value stakeholders’ also occupy opposing ends of the system and are similarly depicted as constantly reshaping each other.

Strategic Reflexivity is portrayed as the key binding, but also counterbalancing organisational capability, linking the four ends to the essence of the system at the centre. The latter are transcribed into ‘soft’ and ‘hard’ value benefits by the individual hotel. The former includes psychological, mental, sensory and image-related benefits; while the latter includes technological, functional, financial, procedural and temporal benefits. At the epicentre of the framework, the three ultimate strategic added values gained by the individual hotel business are presented, which are differentiated from the generic value propositions of table 1 (above) to include: lasting competitive advantage, performance and absolutely conclusively, profitability.

7 Managerial implications and further research

The research has combined empirical data with an extensive literature review to develop the ‘strategic reflexivity’ concept and model. Inescapably, this primary step to scientifically substantiate a theorem and to give it form and essence has produced results of a strongly conceptual disposition. The concept and model nonetheless, carry in parallel significant practical value as well.

Firstly, the research has added to the voices calling executives to give up their quest for lasting competitive advantages through conventional means. Traditional avenues for advantage such as technology, cost structures and distribution systems are increasingly blocked by the combined forces of incessant change and frenzied competition. Instead, the research counter-proposes strategic redevelopment that requires not only a change of processes, structures and human resource aptitudes, but a ‘genetic’ evolution in strategic thinking. An evolution of the quintessence of strategy, questioning and redefining the very concept of the term and aiming to develop a new kind of strategy befitting the conditions set by the above two unstoppable forces.

Secondly, while ‘reflexivity’ is prescribed as both the ends and means of contemporary strategic thinking; the development of value propositions is presented as the most critical step in the process. The key therefore for hotel businesses rests on a tripod of challenges:

- 1 to identify its value stakeholders i.e., who has to gain from the hotel running its business
- 2 to identify the potential value propositions from all the hotel business stakeholders i.e., what does everyone have to gain

- 3 to 'transcribe' each value proposition from and to all stakeholders into value propositions for the hotel itself.

Thirdly, since values are dynamic and consequent to changing business environment forces, the strategic reflexivity mechanism that utilises these must be correspondingly dynamic. Strategic focus therefore must lie equally on the automation of the strategic adaptation to change, as much as on the identification and employment of values.

With both the concepts of strategic reflexivity and value-based analysis in their infancy, especially for the hotel industry, further research is needed to test, refine and focus the above conceptual findings. Furthermore, the hotel industry itself appears as too wide a subject, with further focus on specific hotel types to be necessary. This in fact will allow for more explicit and practically prescriptive findings in terms of what hotels can do and how. Of further managerial and scholarly interest would be the interpretation of value according to geographic and other socio-economic segmentation parameters. It is a premature assumption and yet it is also indicated that hotel research and its managerial implications will ultimately call for a value-based analyses in association with other, traditionally unrelated industries, such as medical facilities and education.

Perhaps, at present, the principal challenge for hotel business planners is the task of switching from a life-long frame of thinking of mechanistic and procedural analyses to a more abstract and creative identification and satisfaction of needs. The former does not exclude the latter, as the latter cannot disregard the former. At the end of the day, it is a 'forced marriage' between opposites, with the business progenies carrying the best of both.

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