A study of strategic planning and environmental scanning in the multi-unit Portuguese hotel sector

by

Jorge Costa

A thesis submitted in fulfilment of the requirements for the Award of PhD Degree

May 1997

© Jorge Costa
ABSTRACT

This study addresses the strategic planning and environmental scanning activities of the hotel chains operating in Portugal, and compares attitudes towards planning and scanning activities by companies where strategy is formalised through a formal written strategic plan (intenders) and those companies where strategy is informally developed through a ‘vision’ or ‘informal plan’ (realisers). The main challenges facing Portuguese hoteliers as identified by the representatives of the Portuguese government, hotel associations and hotel chains inform the development of the study. The aims of the research derive from these challenges faced by the Portuguese hoteliers and their need for a more proactive attitude towards strategic planning, as well as from the literature on strategic planning and environmental scanning.

The study is exploratory and descriptive based on a qualitative and inductive approach. This methodology is used to elicit and represent the existing practices as well as managers’ perceptions towards strategic planning and environmental scanning. The findings reveal a lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods and sources used by these two types of organisations. A grounded theory methodology is used to identify the core themes emerging and to develop theory on the planning and scanning activities of hotel chains. The use of this methodology also allows a better understanding of the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic planning) and by those where strategy is realised (no existence of a formal written strategic planning). A cognitive mapping technique is used for the analysis of respondents’ perceptions towards the development of a formal environmental scanning process. This technique is also applied in the identification of the relevance and structure of a formal environmental scanning process, in the assessment of the barriers to the development of this process as well as possible actions to overcome them.

The study also finds that the existing differences amongst intenders and realisers rely essentially on aspects of content rather than on aspects of process, and that keeping a high degree of flexibility in the decision making process is considered of premium importance. The preponderance of similarities as opposed to differences lead to the development of a series of output propositions common to all four comparison groups. These propositions, together with other recommendations suggested in the literature, are used to identify the necessary conditions for the development and implementation of a continuous environmental scanning process by formal and informal planning hotel chains and develop a theoretical model of environmental scanning.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>LIST OF FIGURES</th>
<th>vii</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF COGNITIVE MAPS</td>
<td>x</td>
</tr>
</tbody>
</table>

**ACKNOWLEDGEMENTS**  
xi

**CHAPTER 1 - INTRODUCTION AND BACKGROUND OF THE STUDY**  
1

1.1. INTRODUCTION  
2

1.2. BACKGROUND OF THE STUDY  
2  
1.2.1. The Portuguese hotel sector  
3  
1.2.2. Strategic planning and environmental scanning  
8

1.3. OUTLINE OF THE THESIS  
10  
1.3.1. Research aims  
10  
1.3.2. Methodology  
12  
1.3.3. Structure of the thesis  
13

**CHAPTER 2 - THEORETICAL CONTEXT OF THE STUDY**  
18

2.1. INTRODUCTION  
19

2.2. DEFINITION OF KEY TERMS  
19

2.3. STRATEGIC PLANNING PROCESS: CONCEPTS AND CHARACTERISTICS  
20  
2.3.1. The concept of strategy  
21  
2.3.2. Organisational goals and objectives  
23  
2.3.3. Strategic planning definition and characteristics  
24  
2.3.4. Strategic and tactical planning  
25  
2.3.5. The importance of strategic planning  
26  
2.3.6. Formalising the planning process  
27  
2.3.7. Levels of strategy  
28
3.3. METHODOLOGICAL CONSIDERATIONS

3.3.1. The quantitative versus qualitative debate
3.3.2. Theory building in strategy
3.3.3. Grounded theory methodology
3.3.4. Cognitive mapping methodology

3.4. NECESSARY AND SUFFICIENT CONDITIONS

3.5. RESEARCH DESIGN

3.5.1. Formulation of the research problem
3.5.2. Review of related research
3.5.3. Identification of research questions
3.5.4. Selection of research design
3.5.5. Selection of data collection techniques
3.5.6. Selection of subjects
3.5.7. Data collection stages and procedures
3.5.8. Data analysis procedures

3.6. QUESTIONS OF VALIDITY AND RELIABILITY

3.7. PROFILE OF THE SAMPLE AND RESPONDENTS

3.8. CONCLUDING REMARKS

CHAPTER 4 - FINDINGS I - STRATEGIC PLANNING AND ENVIRONMENTAL SCANNING ACTIVITIES

4.1. INTRODUCTION

4.2. STRATEGIC PLANNING ACTIVITIES

4.2.1. Production of strategic plan
4.2.2. Implementation of strategic plan
4.2.3. Control of strategic plan
4.2.4. Reasons for not having a strategic plan
4.2.5. Strategic planning approach
4.2.6. Strategy making process
4.2.7. Decision making process
4.2.8. Definition of goals and objectives 146
4.2.9. Key players defining goals and objectives 148
4.2.10. Sectors evaluated and methods used to assess company performance 149

### 4.3. ENVIRONMENTAL SCANNING ACTIVITIES 151

- 4.3.1. Factors influencing company's performance 151
- 4.3.2. Formality of the scanning activity by factor 153
- 4.3.3. Frequency of formal information collection 155
- 4.3.4. Methods used to scan the environment 157
- 4.3.5. Analysis and dissemination of information 160
- 4.3.6. Classification, uses and type of scanning sources 162
- 4.3.7. Situation of scanning activity, formality of approach and average hours per week 164

### 4.4. CONCLUDING REMARKS AND IMPLICATIONS FOR FURTHER RESEARCH 167

### CHAPTER 5 - FINDINGS II: THE RELATIONSHIP BETWEEN STRATEGIC PLANNING PROCESS AND THE ENVIRONMENTAL SCANNING CONTEXT 171

#### 5.1. INTRODUCTION 172

#### 5.2. THE STRATEGIC PLANNING PROCESS 172

#### 5.3. ENVIRONMENTAL SCANNING CONTEXT 174

- 5.3.1. Scanning context 174
- 5.3.2. Information context 179
- 5.3.3. Scanning activities 183

#### 5.4. ORGANISATIONAL STRATEGY MAKING 191

- 5.4.1. Organisational direction 191
- 5.4.2. Decision making exercise 197
- 5.4.3. Developing and planning strategies 200

#### 5.5. ORGANISATIONAL STRATEGY MAKING AND ENVIRONMENTAL SCANNING CONTEXT INTERACTION 204

#### 5.6. CONCLUDING REMARKS 209
CHAPTER 6 - FINDINGS III - IDEAL ENVIRONMENTAL SCANNING PROCESS: RELEVANCE AND BARRIERS 211

6.1. INTRODUCTION 212

6.2. ASPECTS AFFECTING THE DEVELOPMENT OF A FORMAL ENVIRONMENTAL SCANNING PROCESS 213
   6.2.1. Relevance of a formal environmental scanning process 214
   6.2.2. Characteristics of a formal environmental scanning process 223
   6.2.3. Barriers to a formal scanning process and how they can be overcome 233

6.3. CONCLUDING REMARKS 244

CHAPTER 7 - DISCUSSION OF FINDINGS AND CONCLUSIONS 247

7.1. INTRODUCTION 248

7.2. THE STUDY 248

7.3. THEORETICAL CONTRIBUTIONS 250
   7.3.1. Intended and realised approaches to strategic planning and environmental scanning 251
   7.3.2. Strategic planning and environmental scanning relationship 254
   7.3.3. Relevance and structure of a formal environmental scanning process 257
   7.3.4. Barriers to a formal environmental scanning process 260
   7.3.5. Overcoming barriers: Necessary conditions for a formal scanning process 261

7.4. IMPlications FOR PRACTICE 264

7.5. TOWARDS A MODEL FOR CONTINUOUS ENVIRONMENTAL SCANNING BY HOTEL CHAINS 265

7.6. LIMITATIONS OF THE STUDY AND DIRECTIONS FOR FURTHER RESEARCH 271
   7.6.1. Limitations of the study 271
   7.6.2. Directions for further research 275
LIST OF FIGURES

CHAPTER 2

Figure 2.1. Recommended use of environmental analysis in strategy making 53
Figure 2.2. Strategic Information Scanning System 56
Figure 2.3. Environmental scanning link to corporate strategy 59

CHAPTER 3

Figure 3.1. Stages of the research process 90
Figure 3.2. Main stages of data analysis 111
Figure 3.3. Data comparison groups based on sample characteristics 114
Figure 3.4. Data comparison groups based on the literature and sample characteristics 115
Figure 3.5. Graphics COPE Model 121
Figure 3.6. Chains by number of units, type of ownership and strategic plan 127
Figure 3.7. Chains by number of units, main segment of operation and type of ownership 128

CHAPTER 5

Figure 5.1. Strategic planning process: key concepts and interactions 206

CHAPTER 7

Figure 7.1. Strategic planning and environmental scanning by intenders and realisers 252
Figure 7.2. Strategic planning and environmental scanning relationship amongst intenders and realisers 256
Figure 7.3. Relevance, requisites, structure and outcomes of a formal environmental scanning process 259
Figure 7.4. A continuous environmental scanning process for hotel chains 267
Figure 7.5. Summary of the main stages in the development of a formal environmental scanning process by comparison group 272
LIST OF TABLES

CHAPTER 2

Table 2.1. Key terms in strategic planning and environmental scanning 20
Table 2.2. The Outside-in and Inside-out perspectives 41
Table 2.3. Modes of scanning and its characteristics 49
Table 2.4. Scanning model framework 50

CHAPTER 3

Table 3.1. Stages of data collection and analysis 104
Table 3.2. Characterisation of sample 126
Table 3.3. Respondents’ position in the company structure 128
Table 3.4. Academic qualifications 130

CHAPTER 4

Table 4.1. Summary of the steps involved in the production of the strategic plan 135
Table 4.2. Summary of the procedures taken in implementing the strategic plan 135
Table 4.3. Summary of the actions taken to control the strategic plan 136
Table 4.4. Summary of the reasons for not having a formal written strategic plan 137
Table 4.5. Company’s strategic planning approach 140
Table 4.6. Company’s strategy making process 141
Table 4.7. Company’s decision making process 144
Table 4.8. Hotel chains’ definition of goals and objectives 146
Table 4.9. Hotel units’ definition of goals and objectives 147
Table 4.10. Actions taken to achieve objectives 148
Table 4.11. Key players defining goals and objectives 149
Table 4.12. Sectors evaluated to assess company performance 150
Table 4.13. Methods used to assess company performance 150
Table 4.14. Top five factors affecting company performance 152
Table 4.15. Top five factors scanned formally and informally 154
Table 4.16. Frequency of formal information collection 156
Table 4.17. Scanning methods 158
Table 4.18. Analysis of information 160
Table 4.19. Dissemination of information 161
LIST OF COGNITIVE MAPS

CHAPTER 6

Map 6.1. Formal Intenders’ relevance of a formal scanning process 215
Map 6.2. Informal Intenders’ relevance of a formal scanning process 216
Map 6.3. Formal Realisers’ relevance of a formal scanning process 217
Map 6.4. Informal Realisers’ relevance of a formal scanning process 220
Map 6.5. Formal Intenders’ characteristics of an ideal scanning process 224
Map 6.6. Informal Intenders’ characteristics of an ideal scanning process 226
Map 6.7. Formal Realisers’ characteristics of an ideal scanning process 228
Map 6.8. Informal Realisers’ characteristics of an ideal scanning process 229
Map 6.9. Formal Intenders’ barriers to a formal scanning process and actions to overcome them 234
Map 6.10. Informal Intenders’ barriers to a formal scanning process and actions to overcome them 237
Map 6.11. Formal Realisers’ barriers to a formal scanning process and actions to overcome them 239
Map 6.12. Informal Realisers’ barriers to a formal scanning process and actions to overcome them 241
ACKNOWLEDGEMENTS

In any major project success always results from a combination of efforts. In fact, the successful completion of this research has only been possible with the many and varied contributions which I would now like to acknowledge and thank.

Due to the circumstances of my research I was fortunate to experience research life both at Bournemouth University and the University of Surrey. As a result, I can claim the involvement of a number of people whom I would like to thank individually. First, I am grateful to Professor Richard Teare, my Director of Studies, for the support and advice given along the course of this project. Besides providing the academic orientation, Richard also offered me his friendship and the opportunity to be involved in very exciting developments which otherwise would have not been possible. Dr Roger Vaughan, my supervisor along the process, has taught me what is perseverance and importance of detail. His analytical capabilities and his constant availability were deeply appreciated. From Dr Jonathan Edwards, initially my Director of Studies while at Bournemouth and then supervisor, I have learned the importance of time and how the different avenues in a project should be taken into account and explored. To Richard, Roger, Jon and their families, who adopted me and my wife since the first minute we entered England, a big thank you for helping us in the adaptation to a different country and reality. With their support this soon began to be also our reality.

I also want to thank Professor Fred Lawson for his enthusiastic advice in the early stages of the research, and Dr Graham Parlett, Head of the Department of Management Studies and my supervisor in the final stage after my move to the University of Surrey. On the top of his role as supervisor, Graham was instrumental in obtaining the financial support provided by the Department of Management Studies which was fundamental for the completion of the project.

There are two institutions which honoured me with their support throughout the duration of the research, The Rotary Foundation and Fernando Pessoa University. By awarding me a Multi-Year Ambassadorial Scholarship, The Rotary Foundation provided not just the much appreciated financial support but also the opportunity to make friends and live the Rotary Ideal of ‘Service above Self’. Within Rotary I have to thank my sponsor and host Clubs, Vale de Cambra and Godalming Woolsack respectively, and in particular my sponsor and host counsellors, Antero Gandra and Simon Crowther, for their friendship and support. These were very appreciated. From the Fernando Pessoa University, I would like to thank the Chancellor, Professor Salvato Trigo, and the Vice-Chancellor, Dra. Manuela Trigo, for their support and friendship. From the early stages when there were only ideas and intentions, Professor Trigo encouraged and guided me through the different stages until it became reality.

I would also like to thank the hotel chains and specifically the managers involved in the research, who asked to remain anonymous, for their interest in sharing with me the ins and outs of senior management. Without their help and support this thesis could not be completed.

Many friends provided their support along the study. I want to thank particularly Gavin Eccles and his family, for their friendship and encouragement during the ups and downs of this long process. It is to Gavin that I owe my informal English with a northern accent. Hadyn Ingram, Andy Cullis, Andrea West, Peter Newman, Yüksel Ekinci, Terry Desombre, Maria Jorge and Nuno Gomes will not be forgotten. They also were good friends, ready to give advice and support. António Vieira, my cousin and long lasting friend, never forgot that being away from friends and family can only be supported with the regular phone call with fresh news from home.

I would like to thank my family for their love and support. My parents, Natalia and António, for their continuous encouragement and their example of commitment to life. My wife Mónica, for her love, support and understanding. She made my life interesting and helped me to see the importance of sharing. To them I dedicate this thesis. I would also like to thank my in-laws, Helena and Montenegro, who never failed to provide support and good moments which were highly appreciated. Due to a large and very close family other relatives have to be acknowledged for their support along all my life: Dorinda, Balina, Jorge, Quim, Irene, Tina, Vieira, Renato, Rui, Fátima, Sónia, Catarina, Lúcia, Marco, António, Marcos and Diogo.
CHAPTER 1 - INTRODUCTION AND BACKGROUND OF THE STUDY

1.1. INTRODUCTION

1.2. BACKGROUND OF THE STUDY
   1.2.1. The Portuguese hotel sector
   1.2.2. Strategic planning and environmental scanning

1.3. OUTLINE OF THE THESIS
   1.3.1. Research aims
   1.3.2. Methodology
   1.3.3. Structure of the thesis
1.1. INTRODUCTION

The purpose of this first chapter is to introduce the research study and present the aims of the research. In the section on the background of the study, the Portuguese hotel sector is briefly analysed in the context of the tourism industry, and the main challenges facing Portuguese hoteliers identified. Strategic planning and environmental scanning concepts are defined and related to the domains of the research in these areas. The outline of the thesis is then provided with the objectives stated and the methodological approach taken presented and explained. Finally, the summarised content of each chapter is provided in the structure of the thesis.

1.2. BACKGROUND OF THE STUDY

Despite its importance for the Portuguese tourism industry, the development of the hotel sector in Portugal has been essentially based on individual units managed by the proprietors (Horwath Consulting 1991). The number of hotel chains operating in Portugal (thirty in total), is relatively small with the size of the chains varying between two and eight hotel units. Little literature is available on the Portuguese hotel sector, and that which is available mostly reports on the occupancy rates and revenues of the different hotels in the country. More recently, however, and due to the increasing competition of other tourist destinations and the bargaining power of tour operators, Portuguese hoteliers became aware of the need to take a more rigorous managerial approach to their business (Cavaco 1993). This, coupled with an awareness campaign developed by the government and supported by European funds, led to the identification of the main challenges faced by the hotel sector: improve quality, product and market diversification, increase in productivity and cost reduction as well as better definition of marketing policies (Relvas 1993). These challenges will put additional pressure on hoteliers to re-think their approach to strategy development which traditionally had been highly reactive and informal (Martins 1993).
This reactive and informal approach is not exclusive to the Portuguese hotel sector as research has revealed (Olsen et al. 1994; Olsen et al. 1992; West and Olsen 1989). In fact, and according to these authors, the identification of trends in the business environment, which should be used to plan the development of strategies, are normally scanned informally. On the other hand, the formalisation of strategies is not a generalised procedure amongst organisations (Mintzberg 1992). To better understand the context of the challenges faced by hoteliers in Portugal as well as the strategic tools available to help them become more competitive, a review of the Portuguese hotel sector and the concepts of strategic planning and environmental scanning are now presented.

1.2.1. The Portuguese hotel sector

To understand the importance of the hotel sector within the Portuguese tourism industry it is relevant to briefly review the role of the latter in the context of the Portuguese economy. In 1994, Portugal had 21.728 million visitors, 9.132 million of which were tourists (visitors staying for more than 24 hours). According to Viegas (1993), the tourism industry is responsible for 24% of the exports, corresponding to 50% of the deficit of the commercial balance and 8.5% of the Gross National Product. The turnover in foreign currency corresponds to £2,200m. The tourism industry is responsible for 10% of the foreign investment in Portugal, and it employs 250,000 people, about 5% of the Portuguese work force (Viegas, 1993). According to the same author, Portugal is responsible for 1.9% of the world-wide touristic flows, corresponding to 1.6% of the world's tourism turnover, with 90% of the tourists coming from EC countries.

The hotel sector plays an important part within the Portuguese tourism industry particularly at the higher end of the market. In 1994, Portugal offered 83,668 beds in classified hotels, 51.5% of which were in four and five-star hotels (DGT 1995). According to the same source, from 1990 to 1994 the supply of beds in all forms of registered accommodation grew from 179,337 to 203,241. As reported by Horwath Consulting (1991), the average annual room occupancy grew from 60.2% in 1981 to
68.1% in 1990, having reached a peak of 69.6% in 1986. According to this source, hotel beds grew from 49,461 in 1981 to 68,045 in 1990. The achieved room rate rose from £8.40 in 1981 to £37.60 in 1990. The number of employees per 100 rooms fell from 95 in 1983 to 85 in 1990 which had a direct and positive impact on the productivity index. The average rate per available room in 1990, was £25.60 against the £5 achieved in 1981. This represents an increase in real terms. In respect of the Gross Operating Profit this rose from the 21.2% achieved in 1981 to 29.4% in 1990.

With regard to the structure of the Portuguese hotel sector, most of the hotels are individual units managed by the proprietors, with only 30 hotel chains reported as operating in Portugal (Horwath Consulting 1991). There is no specific classification regarding the geographic distribution of the Portuguese hotels and there is relatively little literature relating to the Portuguese hotel sector. Of these publications a series by Horwath Consulting has been published every year since 1984. They report seven main areas with regard to hotel distribution, namely: Algarve, Lisbon City, Estoril Coast, Oporto, Madeira, Azores and Other Regions of Portugal (inland and coastal areas from regions not included in the previous areas). Each of these areas has specific characteristics resulting in different markets.

Since 1986, international representation has grown rapidly, mainly in Lisbon, although Forte, Orient Express, Sheraton, Occidental, Accor and Club Med are all now represented in the Algarve region. Meridien, Holiday Inn, Occidental, Pullman and Melia Sol have built in Lisbon. Meridien and Sheraton have built in Oporto. In spite of this expansion, much of the recent development in the resort areas has been severely affected by the UK's domestic property crash in 1991/1992. Residential real estate developers, providing serviced apartment units to satisfy the demand for second homes in warmer climates, have over two years supply of unsold units or their inventories and many developers have failed (Leal and Finney 1992). The competition from self serviced apartments and the negative impact of time share also had detrimental impact in the expansion of the hotel sector.
A major stimulus to the supply of accommodation has been the attractive package of investment incentives which the Portuguese government has created, with EC assistance, to encourage investment in tourism properties. Non-refundable grants and subsidised loans have led to the introduction of 550 tourism properties projects which have received incentives worth just under £260m since 1988. The more recent introduction of the venture capital company - concentrating on the refurbishment of existing accommodation units and on the creation of entertainment sports and leisure facilities - will channel a further £230m of aid into the industry between 1994 and 1996, which is expected to create a total investment in excess of £1bn. As a result of the shifting pattern of demand, an increasing number of hotel projects are now being integrated within resort complexes, including residential real estate, golf, tennis, equestrian, health and leisure facilities. Even city centre hotels are often seen more as part of a wider mixed-use development with retail, office and residential uses incorporated into the project (Leal and Finney 1992).

The Portuguese hotel sector is undergoing major changes and facing some complex problems. A main problem faced by hoteliers is the bargaining power of tour operators. As pointed out by Silva (1993), there is no unity of efforts by the hoteliers to fight the power of tour operators and the prices they force hotel companies to practice. Silva refers to the hotels that accept this situation as following a "suicidal policy" as they prefer to charge their customers below the cost price to achieve some room occupancy. She goes further to suggest that for those hotels that do not have the capacity to face these hard times it would be better for them to reduce the operating costs by closing some floors and reducing the services offered. The main reason for this hard recession, from her point of view is the over supply.

From Relvas’ (1993) perspective, several factors are negatively affecting the volume of revenues, the profitability and the financial situation of companies within the hotel sector. Some of these factors are: the deep recession affecting all markets, the lack of an entertainment structure in the tourism industry, and the over supply. According to Relvas, to overcome these structural weaknesses different measures can be taken, for example: development of efforts to raise the volume of tourists and their daily
expenditure and the reduction of seasonality. Relvas adds that to achieve these goals the tourism industry must ensure the development of a quality offer, increase the professionalism and diversification of products and markets. He identifies the main challenges faced by the hotel sector as being:

- The development of quality and product differentiation
- Product and market diversification
- The development of productivity and cost reduction
- Definition of a marketing policy and the re-enforcement of trade action

Another perspective on the Portuguese hotel sector is presented by Martins (1993). As she states, the main reason for the situation facing this sector is its development without any concerns for the demand (unsustainable growth). This situation led to an over investment without the development of infrastructures and structures of support and the improvement of managerial skills in order to face the changes to come. She argues that the main weaknesses of the hotel sector are:

- Over dependence on the largest tour operators
- Undirected growth
- Lack of management structures and promotional activities

She concludes that due to this state of conditions the core of the business can now be identified as being hotel innovation: new products and services and new perspectives in face of the new type of consumers (Martins 1993).

A different issue was raised by Proença (1993) who denounces the monopoly of hotel classification/disqualification by the Ministry of Tourism and the impossibility of any contribution by the private organisations. He argues that this situation is contributing to the lack of private initiative and modernisation of the hotel sector and that this has been the situation for the last thirty years. On the other hand, Cavaco (1993) emphasises that the traditional hospitality is old and that the Portuguese hotel
sector is being surpassed by its competitors in terms of quality, price and capacity of management. He states that efforts should be made to reach:

- Quality in services
- Creativity and dynamics in management
- Aggressive sales departments
- Professional training

According to Cavaco (1993), the growth of the Portuguese hotel sector occurred in two phases. In the first phase it was based on the product offered, and in the second phase on its submission to the market. The position adopted was always a reactive position instead of a proactive one. As he argues, traditionally demand has oriented all promotional activities, but the present concern should be to develop aggressive marketing plans, and improve managerial skills.

It could be argued that the quality of the natural environment coupled with the excellent price/quality value that the Portuguese hotel sector is able to offer, would give the sector a significant competitive advantage. However, the reality is different. A combination of changes and circumstances are having a profound effect upon the sector which has to respond to new demands operated by socio-economic evolution and the opportunities and challenges which these create. The scenario faced by the Portuguese hotel sector allows the identification of some aspects deserving further investigation:

- What are the main factors affecting the hotel sector performance as seen by the hoteliers?
- How concerned are hoteliers with the shifting pattern of demand?
- How deep is their concern about the role of the government?
- How are they planning their management activities to increase their competitive advantage?
To answer these questions and to be able to face the challenges posed by the national and international competitive environments, both individual hotels and hotel chains have to re-assess their strategic activities and their efforts in identifying emerging trends with the potential to pose additional threats or opportunities to their businesses. Due to their small size and managerial approach (normally family businesses) individual hotels are less likely to adopt strategic tools to improve their business. Hotel chains, however, due to a different managerial approach and exposure to international competition, are more likely to present a different attitude to strategic activities. Based on these assumptions, the study focuses on hotel chains as opposed to individual hotels. As strategic planning and environmental scanning activities can provide Portuguese hotel chains with the tools needed to better identify relevant trends and help in the planning of the actions to achieve their strategic objectives, these are now briefly discussed and their relevance to the study highlighted.

1.2.2. Strategic planning and environmental scanning

There is no generally accepted definition of strategic planning and different authors use different terms to define the same concept (Stoner and Freeman 1986). However, the definition proposed by Wheelen and Hunger (1989, p. 14), provides a good illustration of the process and content of strategic planning while at the same time addressing basically the same aspects as other authors:

“... the development of long range plans for the effective management of environmental opportunities and threats in the light of corporate strengths and weaknesses. Such planning includes establishing the corporate mission, specifying objectives, developing strategies, and setting policy guidelines.”

According to research (Mintzberg 1992), the development of strategies is not always carried out in such a formal way. As found by Mintzberg, there are organisations where strategies are not deliberate but emergent. This realised approach to strategy development is likely to result in different attitudes towards the management of environmental opportunities as proposed by Wheelen and Hunger. In addition to
consider strategic planning activities, the emergent approach to strategy also requires clarification namely in respect of how an organisations’ objectives are formally defined and strategies developed. This is also one of the limitations identified by West (1988) in his study of the relationships between strategy, environmental scanning and performance.

The identification and management of environmental opportunities, however, is seen as fundamental to the competitive positioning of companies’ (Fahey and King 1977; Segev 1977; Kefalas and Schoderbeck 1973). The identification of business environmental trends can be achieved using environmental scanning which is seen by Aguilar (1967) as a way to examine information about events and relationships in a company’s outside environment. This information can then be used to assist top management in its task of charting the company’s future course of action.

The importance of environmental scanning for organisations can be seen by looking at some of its potential outcomes: identification of events and trends in the external environment, and to make sense of the possible relationships between them. By making sense of the data, organisations can extract the main implications for decision making and strategy development (Daft et al. 1988; Lenz and Engledow 1986; Stubbart 1982). Even though it is an established activity with well defined elements, environmental scanning is not regularly used by business organisations (West and Olsen 1989; Jain 1984).

Research on environmental scanning has followed different directions. Some studies focus their attention on the information-gathering activities of senior level executives (Miller and Friesen 1983; Hoffman and Hegarty 1983; Hambrick 1982; Segev 1977; Keegan 1974; Kefalas and Schoderbeck 1973; Aguilar 1967). Other studies focus their attention on various analytical techniques and formal strategic planning systems (Lorange 1982; Steiner 1979; Post 1973), while another approach (Narchal et al. 1987) focuses attention on the social and psychological processes associated with organisational learning and executive decision making (Dutton and Duncan 1983; McCaskey 1982; Weick 1979; Dill 1962). Appendix A presents a list of the main
research studies carried out in the field of environmental scanning, their research focus, research questions and/or hypotheses used. In the context of the Portuguese hotel sector, the information gathering activities of senior level executives deserves special attention as they are those in charge of decision making and as such, the level of their scanning is likely to have great impact on the quality of their decisions.

Empirical research also demonstrates that for environmental scanning to succeed it has to be linked to the formal planning process (Engledow and Lenz 1989; Jain 1984; Fahey and King 1977). Even though organisations regard environmental information as highly relevant for strategic planning the majority still perceive themselves as basically involved in relating environmental phenomena to short term choices (Fahey and King 1977). The nature of the link between environmental scanning and strategic planning amongst Portuguese hotel chains will provide a better understanding of how the information on existing and future trends in the business environment supports strategy development and decision making.

1.3. OUTLINE OF THE THESIS

Based on the challenges identified as facing the Portuguese hotel sector and the limitations presented by previous research on strategic planning and environmental scanning, a series of aims were develop to be addressed by the research. These, as well as the methodology used to achieve them are presented in the following two sections. In the final section, the structure of the thesis is provided through a summary content of the various chapters informing the thesis.

1.3.1. Research aims

This research addresses a number of issues not covered in previous research, some of which have been identified as limitations of previous studies on environmental scanning (West 1988). Other aspects emerging from the different stages of field work were also explored and used to inform this research.
The challenges faced by the Portuguese hotel sector, such as over dependence on the largest tour operators, undirected growth, and the lack of management structures and promotional activities, reflect an existing deficient strategic orientation in the sector. This attitude towards the development of sustainable competitive advantages as well as other questions emerging from the background to the Portuguese hotel sector, deserves further investigation. This may provide a better understanding of the probabilities hotel chains have in achieving a more competitive position. To address these issues, the aims of the research were defined taking into account the Portuguese hotel sector and the implications of strategic planning and environmental scanning theory for the identification and management of opportunities and threats. In order to understand the strategic planning and environmental scanning activities of the hotel chains operating in Portugal, the first aim of the research was defined. The results of the field work undertaken to achieve this aim provided the themes which guided the further stages as well as the definition of additional research aims. In summary, the research aims addressed by this research are:

1. To explore and analyse the strategic planning and environmental scanning activities of hotel chains\(^1\) operating in Portugal.

2. To analyse and critically evaluate the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic plan) and by those where strategy is realised (no existence of a formal written strategic plan).

3. To explore and assess the relevance and structure of a formal environmental scanning process to be adopted by hotel chains as well as the barriers to this process and possible actions to overcome them.

4. To identify and assess the necessary conditions for the development and implementation of a formal environmental scanning process in formal and informal planning hotel chains.

\(^{1}\)In the context of this research a hotel chain is considered as "... an organization that competes in the industry with more than one unit of like concept or theme. ... [either] locally, regionally, nationally, or internationally."", following Olsen, Tse and West's (1992, p. 172) definition of a multi-unit hospitality firm.
To achieve these aims four research questions were developed (Chapter 2, p. 64). These cover the central aspects of the study and allowed the collection of relevant data to clarify the strategic planning and environmental scanning activities of hotel chains operating in Portugal. They also provided the information needed to identify the barriers to a formal scanning process and the necessary conditions needed for its development.

1.3.2. Methodology

To address the research aims, the methodology used is that of surveys with an exploratory and descriptive focus. This research strategy allowed the analysis and characterisation of strategic planning and environmental scanning activities by hotel chains operating in Portugal. It was decided to use exploratory research as this is suited to the study of a new problem/issue/topic about which little is known and as a consequence "... the research idea cannot be formulated very well." (Phillips and Pugh 1994, p. 49).

Postal questionnaires and in-depth interviews were used to explore and describe the strategic planning and environmental scanning activities of hotel chains. The initial analysis consisted of descriptive statistics based on frequencies and cross-tabulations. In the subsequent phases of the research and to further explore the initial findings, a grounded theory methodology was used. This allowed the identification of the core themes emerging and the development of theory on the planning and scanning activities of hotel chains. To explore the perceptions of respondents towards the development of a formal environmental scanning process, a cognitive mapping methodology was used with the production of cognitive maps eliciting respondents views. Based on respondents' maps, a series of output propositions were developed which guided the development of a proposed model for continuous environmental scanning.
1.3.3. Structure of the thesis

The thesis is structured into seven chapters with this chapter providing an introduction to the study. It provides the background to the Portuguese hotel sector and locates it in the context of the tourism industry. The main challenges facing Portuguese hoteliers as identified by the representatives of the Portuguese government, hotel associations and hotel chains are presented and discussed. The strategic planning and environmental scanning concepts are defined and related to the domains of the research in these areas. The chapter also identifies the aims of the research which derive from the challenges faced by the Portuguese hoteliers, their need for a more proactive attitude towards strategic planning, and the relationship between strategic planning and environmental scanning.

Chapter 2. Theoretical Context of the Study

This chapter reviews the literature on strategy, strategic planning and environmental scanning and defines the key terms in these areas. The concepts and components of strategy and strategic planning are reviewed and related to organisational scanning activities. The analysis of intended and realised strategies sets the context for the study as these are expected to result in different approaches towards the scanning of the business environment. These different types of strategy are also used to develop the comparison groups on which the findings presented in Chapters 5 and 6 are based. The environmental scanning process and its relationship to strategy development is also presented and analysed. The most relevant models in the field of environmental scanning and their applications are introduced and discussed. These models provide an understanding of the relevance of scanning for corporate strategy (Fahey and King 1977; Aguilar 1967), identify the main pitfalls in the process (Segev 1977), and suggest ways of developing and implementing a formal environmental scanning process that is linked to the strategic planning process (Jain 1993; Aaker 1983). The limitations of the literature and their implications for the study are identified and used to develop the research questions presented at the end of the chapter.
Chapter 3. Methodology
This chapter addresses the methodological choices made during the course of the research and relates them to the context of the study and the research aims and questions. It discusses methodological considerations based on Robson's (1993) views that the methods and techniques employed should be appropriate for the questions to be answered. The discussion between quantitative versus qualitative approaches provides the justification for the approach adopted in the study. Grounded theory and cognitive mapping methodologies are introduced and their adequacy for the purposes of the research explained. The steps taken in the design of the research, from the formulation of the research problem to the selection of subjects are explained and diagramatically presented in Figure 3.1 (section 3.5). The different approaches used in the analysis of the data (descriptive statistics, grounded theory and cognitive mapping analyses) as represented in Figure 3.2 (section 3.5.8), are presented, explained and their relevance for the study analysed. The initial development of comparison groups based on the characteristics of the sample is provided and its evolution into comparison groups based on the findings and previous research (Mintzberg 1992) also explained. The validity and reliability of the research are addressed based on the alternative criteria to evaluate qualitative research developed by Lincoln and Guba (1985). The chapter concludes with a profile of the sample and respondents which provides the context for the findings presented in Chapters 4 to 6.

Chapter 4. Findings I - Strategic Planning and Environmental Scanning Activities
This chapter presents the findings of the first and second stages of field work (postal questionnaire sent to all hotel chains operating in Portugal, and in-depth interviews with senior managers of 14 hotel chains), and reports on the strategic planning and environmental scanning activities of these hotel chains. It addresses the first research aim, *To explore and analyse the strategic planning and environmental scanning activities of hotel chains operating in Portugal*, and provides answers to the first research question: *What are the similarities and differences between hotel chains operating in Portugal in respect of their strategic planning and environmental scanning activities?* The findings allowed the development of an initial typology of

14
formal planning chains and informal planning chains based on the existence or absence of a formal written strategic plan.

The main findings, based on frequencies and cross-tabulations, reveal that despite the differences between the two groups of hotel chains in respect of their formalisation of strategy, there are also many similarities in terms of strategy development, decision making and environmental scanning. This chapter also highlights the fact that a formal written strategic plan is not a sufficient condition for formal and continuous environmental scanning to occur. To clarify some of the themes identified in the data so as to better understand the relationship between strategic planning and environmental scanning amongst hotel chains, a further stage of data collection was undertaken with the results presented in Chapters 5 and 6.

Chapter 5 - Findings II: The Relationship Between Strategic Planning Process and the Environmental Scanning Context

This chapter provides an analysis of the strategic planning process in hotel chains and how this is informed by the environmental scanning context. It addresses the second aim of the research, To analyse and critically evaluate the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic plan) and by those where strategy is realised (no existence of a formal written strategic plan), and provides the answers to the second research question: What is the relationship between strategic planning and environmental scanning amongst hotel chains who have a formal written strategic plan and those who do not have such formal written plan?

The findings presented result from a grounded theory methodology approach used in the collection and analysis of the data. The categories and associated concepts which emerged as relevant for the research are used to characterise the chains’ activities in terms of strategic planning and environmental scanning. The properties, as reflected in the data, are used to illustrate the concepts and then related to the background literature. In trying to clarify the findings in Chapter 4, it is found that respondents can be grouped on the basis of their strategic planning approach (intenders or
realisers) and the formality of the information sources used (mainly formal or mainly informal). Strategy development can be subcategorised as to whether strategy is intended or realised and the information used is mainly collected from formal or informal sources. This assessment provides four categories for distinguishing between intenders and realisers: Formal Intenders; Informal Intenders; Formal Realisers; and Informal Realisers (Chapter 3, section 3.5.8, development of the comparison groups). Finally, the findings are used to develop a theoretical framework for conceptualising the strategic planning process and to highlight the interactions among categories and concepts (section 5.5).

Chapter 6 - Findings III - Ideal Environmental Scanning Process: Relevance and Barriers

This chapter investigates respondents' perceptions towards the development and implementation of a formal environmental scanning process. It addresses the third aim of the research, To explore and assess the relevance and structure of a formal environmental scanning process to be adopted by hotel chains as well as the barriers to this process and possible actions to overcome them. In addressing this aim it also provides answers to research questions three and four drawn from the results and discussion of the findings in Chapters 4 and 5: What is the relevance and how should a formal environmental scanning process be organised so it could perform the information collection, analysis and usage activities to support strategic planning and decision making? and, What are the main barriers to such a formal environmental scanning process and how can they be overcome?

The analysis of the findings in Chapters 4 and 5 revealed hotel chains' scanning activities (both intenders and realisers), as essentially informal. If chains want to develop a formal scanning process some barriers will have to be removed. These barriers as well as the characteristics of an ideal formal environmental scanning process are identified and analysed. Respondents' perspectives and perceptions on the development and implementation of a formal environmental scanning process are analysed using a cognitive mapping approach to display and explore existing situations and ideal solutions. The cognitive maps are analysed for their basic
structure and the types of concepts within this structure. Within the maps the interactions between concepts are also considered. The cognitive mapping analysis identifies emergent properties within the maps which may reveal distinctive approaches to a formal environmental scanning process between the comparison groups. A series of output propositions to guide future research and practice are developed based on the causal maps presented (Table 6.2, section 6.3).

Chapter 7 - Discussion of Findings and Conclusions
This chapter discusses the implications of the findings presented in Chapters 4, 5 and 6 and compares them with previous research reported in the review of the literature and the research questions presented at the end of Chapter 2. It addresses the fourth research aim, To identify and assess the necessary conditions for the development and implementation of a formal environmental scanning process in formal and informal planning hotel chains, and provides the necessary conditions for the development and implementation of a formal scanning process. Contributions of the study to the areas of strategic planning and environmental scanning are also discussed and related to the multi-unit hotel sector (implications for practice). Based on the findings and the literature reviewed a model for continuous environmental scanning is presented (Figure 7.4, section 7.5). Finally, the limitations affecting the study are presented and argued and implications for future research projects provided.
CHAPTER 2 - THEORETICAL CONTEXT OF THE STUDY

2.1. INTRODUCTION

2.2. DEFINITION OF KEY TERMS

2.3. STRATEGIC PLANNING PROCESS: CONCEPTS AND CHARACTERISTICS
   2.3.1. The concept of strategy
   2.3.2. Organisational goals and objectives
   2.3.3. Strategic planning definition and characteristics
   2.3.4. Strategic and tactical planning
   2.3.5. The importance of strategic planning
   2.3.6. Formalising the planning process
   2.3.7. Levels of strategy
   2.3.8. The process of strategic planning
   2.3.9. The process of strategic decision making
   2.3.10. Contribution to the study

2.4. ENVIRONMENTAL SCANNING PROCESS AND CHARACTERISTICS
   2.4.1. The concept of business environment
   2.4.2. The concept of environmental scanning
   2.4.3. Environmental scanning and its importance for strategic planning
   2.4.4. Scanning characteristics and processes
   2.4.5. Approaches to environmental scanning
   2.4.6. The content of environmental scanning
   2.4.7. The outcome of environmental scanning
   2.4.8. Environmental scanning and strategic planning relationship
   2.4.9. Scanning and the development of strategies
   2.4.10. Environmental scanning activities by hospitality organisations
   2.4.11. Contribution to the study

2.5. ENVIRONMENTAL SCANNING MODELS AND THEIR APPLICATIONS
   2.5.1. Aguilar's modes of scanning
   2.5.2. Fahey and King's scanning model framework
   2.5.3. Segev's model of environmental analysis
   2.5.4. Aaker's strategic information scanning system
   2.5.5. Jain's model of environmental scanning link to corporate strategy
   2.5.6. Contribution to the study

2.6. LIMITATIONS OF THE LITERATURE AND IMPLICATIONS FOR THE STUDY

2.7. RESEARCH QUESTIONS

2.8. CONCLUDING REMARKS
2.1. INTRODUCTION

This chapter reviews the literature on strategy, strategic planning and environmental scanning and defines the key terms in these areas. The concepts and components of strategy and strategic planning are reviewed and related to organisational scanning activities. The process, content and outcome of environmental scanning, and how these relate to the development of strategies are also presented and analysed as are the major models in the field of environmental scanning and their applications. Finally, the limitations of the literature and their implications for the study will be analysed so as to provide the background for the research questions developed.

Research into the environmental scanning activities of organisations started in areas other than those of hospitality and tourism. For this reason, the majority of the literature on this subject relates to industrial and other service organisations. From the small number of studies on the environmental scanning activities of hospitality organisations, a review of the most relevant is presented in section 2.4.10.

2.2. DEFINITION OF KEY TERMS

Environmental scanning, also referred to as environmental analysis, is the first step in the strategic planning process and the way by which organisations identify the main issues affecting them. By helping to detect opportunities and threats, so that the organisation may achieve a sustainable competitive advantage, it fulfils two functions:

- informing strategy formulation; and
- monitoring for adjustments as a result of environmental changes.

In essence, strategic planning can be thought of as the process by which organisations define their objectives and the strategies to achieve them. Other major terms in the field of strategic planning and environmental scanning are relevant for this study, so in order to better understand them they are now presented in Table 2.1.
Table 2.1. *Key terms in strategic planning and environmental scanning*

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>pattern or plan that integrates an organisation’s major goals, policies, and action sequences into a cohesive whole</td>
</tr>
<tr>
<td>Goals</td>
<td>long run organisational aims</td>
</tr>
<tr>
<td>Objectives</td>
<td>short term, operational targets</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>a future oriented process through which organisations define their objectives and develop adequate strategies and resources allocation to achieve them</td>
</tr>
<tr>
<td>Decision making</td>
<td>formulation and selection of strategies that best meet the company’s objectives</td>
</tr>
<tr>
<td>Business environment</td>
<td>outside forces that directly or indirectly influence an organisation’s goals, structure, size, plans, procedures, operations, input, output, and human relations</td>
</tr>
<tr>
<td>Environmental scanning</td>
<td>managerial activity of learning about events and trends in the organisation’s environment providing information for actions leading to an organisation’s adaptation to its environment</td>
</tr>
<tr>
<td>Trends</td>
<td>systematic variation of indicators over time</td>
</tr>
<tr>
<td>Patterns</td>
<td>meaningful clusters of trends</td>
</tr>
<tr>
<td>Segments</td>
<td>sections of the macroenvironment, such as social or political, created conceptually to facilitate analysis</td>
</tr>
<tr>
<td>Change</td>
<td>change in indicators, trends, or patterns in one or more segments</td>
</tr>
<tr>
<td>Forces</td>
<td>the causes underlying changes or factors that cause such changes</td>
</tr>
<tr>
<td>Issues</td>
<td>environmental changes considered important in their implications for an organisation</td>
</tr>
<tr>
<td>Projections/forecasts</td>
<td>future states of trends or patterns</td>
</tr>
<tr>
<td>Prediction</td>
<td>projections or forecasts accepted for strategic purposes</td>
</tr>
<tr>
<td>Analyst</td>
<td>an individual engaged in environmental analysis</td>
</tr>
</tbody>
</table>

Having presented the key terms in the areas of strategic planning and environmental scanning, a review of the relevant literature in each of these areas follows. The literature now presented will help clarify the processes of strategic planning and environmental scanning, and highlight the best practices as seen by the main authors in these fields of research.

2.3. **STRATEGIC PLANNING PROCESS: CONCEPTS AND CHARACTERISTICS**

The strategic planning process can be seen as having certain specific characteristics and as being composed of a series of central concepts which inform the strategic activity of organisations. These core concepts are: strategies, organisational goals and objectives, tactical planning, levels of strategy, and decision making. These
characteristics and concepts are now reviewed and related to the strategic planning process.

2.3.1. The concept of strategy

The concept of strategy varies according to the perspective of the author, and, as revealed by research, organisations also practice different types of strategy. Glueck (1980) defines strategy as a "unified, comprehensive, and integrated plan ... designed to ensure that the basic objectives of the enterprise are achieved". There are other definitions of strategy which use the same approach. For instance, from Quinn’s (1980) viewpoint, strategy is the pattern or plan that integrates an organisation’s major goals, policies, and action sequences into a cohesive whole. According to this definition, strategy can be seen as the framework that structures all the components needed to put the mission of the company into practice.

Strategy as a planning process is what Henderson (1989) stands for when he defines it as "... a deliberate search for a plan of action that will develop a business's competitive advantage and compound it." Other approaches to the strategy concept are also important to help clarifying this study and present a broader view on the field of strategy conceptualisation. Johnson and Scholes (1993) for instance, approach strategy and the management of strategy from two different but complementary stands: as "a matter of essentially economic analysis and planning"; and as "a matter of organisational decision making within a social, political and cultural context." According to this perspective, strategy is "... the direction and scope of an organisation over the long term: ideally, which matches its resources to its changing environment, and in particular its markets, customers or clients so as to meet stakeholder expectations." (Johnson and Scholes 1993). This definition of strategy has other concerns besides the planning process, it also pays special attention to the main players in the internal and external environment of the organisation.

In an attempt to broaden the concept of strategy in order to cover the whole organisation as a strategic body, Mintzberg (1992) defines strategy: as a "plan", as a
“ploy”, as a “pattern”, as a “position”, and as a “perspective”. As a plan, strategy is seen as “... some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation.” As a ploy, strategy is seen as a “... specific ‘maneuver’ intended to outwit an opponent or competitor.” As a pattern, strategy is “... consistency in behavior, whether or not intended.” As position, strategy can be seen as “... a means of locating an organization in ... an ‘environment’.” Finally, as a perspective, strategy is “... a chosen position, ... [and] an ingrained way of perceiving the world.”

Each of these definitions deals with a specific aspect of the organisation and they complement each other. If we take a closer look at these five concepts other important issues arise. Looking at strategies as plans we can identify two essential characteristics: they are made in advance of the actions to which they apply, and they are developed consciously and purposefully (Mintzberg 1992). We can say that the plans developed by managers are what they expect organisations to achieve, in a certain sense it reflects their wishes and ideas for the organisation. As plans, strategies may be general or specific, and in the specific sense strategy can be a ploy. In this case strategy has to do with direct competition and the manoeuvres employed to gain advantage. The application of plans creates certain types of action, intended or not, and when this behaviour is consistent it becomes a pattern, which is seen by Mintzberg as another concept of strategy. As position, strategy deals with organisations in their competitive environment, where they are located and how they keep their position in that environment. As a perspective, strategy looks inside the organisation, indeed inside the heads of the collective strategist. In this definition one of the most important aspects is that strategy is one idea, a concept, shared by the organisation as a whole.

An important difference between strategy as a plan and strategy as a pattern, is that the first definition can be seen as an “intended” strategy and the second can be seen as a “realized” strategy (Mintzberg 1992). If we differentiate between intended and realised strategies, than we can distinguish “deliberate” strategies, where previous intentions were realised, from “emergent” strategies, where patterns are developed in
the absence of intentions, or despite them. Finally, Mintzberg argues that while plans may go unrealised, patterns may appear without preconception.

The difference between intended strategies and realised strategies is very important because, what managers say will be the company’s action and what really happens is not always the same thing. In this context and as stated by Johnson and Scholes (1993), realised strategy is much more important than intended strategy. In fact, the strategy realised by the company is the one that affects the whole behaviour of the organisation and not the planned strategy.

It is apparent by now that strategy can be approached from basically two different perspectives: what an organisation intends to do, and what an organisation eventually does, no matter if its actions were originally intended. For the context of this study both perspectives are relevant but as the intended, active, role of strategy has been the most emphasised in previous research, much less information is available on the realised approach to strategy. As a result, the active formulation of strategy, known as strategic planning (Stoner and Freeman 1986), will be presented and discussed in greater depth. Before this, however, the organisational goals and objectives will be briefly analysed as a way of setting the context for the planning process.

2.3.2. Organisational goals and objectives

According to Stoner and Freeman (1986) “The goals of an organization provide its basic sense of direction.” The importance of organisational goals can be inferred by the fact that almost every review of the strategic planning process includes a discussion of the organisational goals and objectives (Poole 1990). According to Poole, the meaning or ranking of these terms is not consistent. This was first recognised by Steiner (1979) who defined objectives as the broader term with goals as steps towards reaching objectives. This view was also shared by other researchers like Ackoff (1970), Vancil (1977) and King (1979). Despite the fact that several authors view objectives as the broader concept, the more common view and the one adopted here is that goals are the long run organisational aims and objectives are the

Once the organisation has defined the objectives that it must reach in order to achieve its goals the different actions involved in the process of reaching these objectives should be planned (Stoner and Freeman 1986). The process of selecting an organisation's goals and objectives, and determining the policies and programmes necessary to achieve them is seen as the strategic planning process. The main elements of this process as well as its characteristics and how the process is organised are now presented and discussed.

2.3.3. Strategic planning definition and characteristics

As argued by Stoner and Freeman (1986) there is no universally accepted definition of strategic planning and different writers also use different terms for the same concepts. For these reasons it is relevant to review the definitions offered by some of the most influential authors in the field.

By the end of the 1960s Steiner (1969, p. 34) defined strategic planning as the "... process of determining the major objectives of an organization and the policies and strategies that will govern the acquisition, use, and disposition of resources to achieve those objectives." More recently other authors have defined strategic planning in a similar way. Wheelen and Hunger (1989, p. 14), for instance, define strategic planning as:

"... the development of long range plans for the effective management of environmental opportunities and threats in the light of corporate strengths and weaknesses. Such planning includes establishing the corporate mission, specifying objectives, developing strategies, and setting policy guidelines."

In a more succinct way Simmons (1988, p. 18) defines strategic planning as "... an attempt to look ahead to where you want to be, coupled with a program to get you there." Another concise definition is put forward by Stoner and Freeman (1986, p.
115) who look at strategic planning as "... the formalized, long-range planning process used to define and achieve organizational goals."

Despite the variances in the definitions strategic planning can be seen as having certain specific characteristics (Poole 1990; Stoner and Freeman 1986):

- it deals with basic questions like: "What business are we in and what business ought we to be in?" and "Who are our customers and who should they be?";
- it provides a framework for more detailed planning and for day-to-day decisions;
- it is an activity which emphasises the process of planning rather than the production of a written document;
- it is a continuous, cyclical process which encourages the participation of all members of staff to be affected by the decisions made;
- it is a future oriented process requiring an analysis of the organisation's present and expected external environment, and it involves a longer time frame than other types of planning;
- it requires an overall vision of the main purpose of the organisation and it helps focus the organisation's energies and resources on high-priority activities;
- it provides the development of alternative courses of action which anticipate potential changes in the organisation or its environment;
- it is a top-level activity in the sense that top management must be actively involved.

2.3.4. Strategic and tactical planning

For a better understanding of the strategic planning process this should be distinguished from other forms of planning. Traditionally the development of strategies was described as long-range planning which did not take into account the external environment of the organisation and considered the future as predictable (Ansoff and McDonnell 1990; Mintzberg 1973). As it is conceptualised and practised today strategic planning assesses the external and internal environments of the
organisation and considers the future as highly unpredictable (Mintzberg 1994; Ansoff and McDonnell 1990).

There are other types of planning which are normally seen as linked to strategic planning. These are tactical and operational planning. As argued by Steiner (1969), tactical planning has to do with the selection of means to achieve the goals defined in the strategic planning process, it is more limited in scope and concentrates mainly on the internal aspects of the organisation. The operational planning can be seen as the means through which the strategic plans are implemented. Sometimes operational planning is used interchangeably with tactical planning (Moskow 1978). A clearer distinction between strategic and operational planning is that provided by Stoner and Freeman (1986, p. 115), where they see the former as focusing on doing the right things (effectiveness), and the latter as doing things right (efficiency). According to these authors, because strategic planning provides guidance and boundaries for operational management, the two types overlap. In fact, and as these authors contend, both are necessary as effective management must have a strategy and must operate on the day-to-day level to achieve it.

2.3.5. The importance of strategic planning

The importance of strategic planning for managers and organisations has grown in recent years (Stoner and Freeman 1986). In providing a framework for activities within the organisation, strategic planning leads to improved managerial and organisational performance. As stated by Stoner and Freeman (1986, p. 116):

Most organizations now recognize the importance of strategic planning to their long-range growth and health. Managers have found that by specifically defining the mission of their organization they are better able to give it direction and focus its activities. Organizations function better as a result and become more responsive to a changing environment. ... Strategic planning, then, helps us develop a clear-cut concept of our organization. This, in turn, makes it possible to formulate the plans and activities that will bring our organization closer to its goals."
Another relevant aspect of strategic planning is that it enables managers to deal with the rapidly changing organisational environment. According to Stoner and Freeman (1986) when the pace of change was slower, managers could operate based on the assumption that the future would be similar to the past. In fact, it was possible to establish goals and plans just by extrapolating past experiences. This is not the case anymore. As Maljers (1990) argues, nowadays managers have to operate in a world that is always changing and nothing is constant for long, whether in technology, politics or society. To be able to cope with the pace of change managers “... must look farther ahead than ever before. This means a longer lead time between current decisions and their future results.” (Stoner and Freeman 1986, p. 116).

2.3.6. Formalising the planning process

Hofer and Schendel propose an intended approach to strategy and argue that if strategy is important its formulation should be managed and not left to chance (1978, p. 5). As a consequence, organisations need formalised, analytical processes for formulating explicit strategies. According to these same authors there are several important reasons for the use of such procedures:

• To aid in the formulation of organisational goals and objectives;
• To aid in the identification of major strategic issues;
• To assist in the allocation of discretionary strategic resources;
• To guide and integrate the diverse administrative and operating activities of the organisation;
• To assist in the development and training of future general managers.

The nature and size of the company, however, will determine the kind of formal strategic planning process of the organisation (Stoner and Freeman 1986). Vancil and Lorange (1977, p. 22) agree that in smaller companies strategic planning is a less formal, almost continuous process. In fact, based on their research they state that:
The president and his handful of managers get together frequently to resolve strategic issues and outline their next steps. They need no elaborate, formalized planning systems. Even in relatively large but undiversified corporations, the functional structure permits executives to evaluate strategic alternatives and their action implications on an ad hoc basis. The number of key executives involved in such decisions is usually small, and they are located close enough for frequent, casual get-togethers.

In large and diversified organisations the situation is different. The majority of them use the product/market division form of organisational structure to allow decentralised decision making involving many ‘responsibility-center managers’ (Vancil and Lorange 1977). From these authors’ viewpoint, because many managers must be involved in decisions requiring co-ordinated action, informal planning is almost impossible.

Stoner and Freeman (1986) argue that the reality for most organisations is not a choice between no planning and a complete, finely tuned strategic planning system. Instead, the choice is more between no explicitly stated strategy and a conscientious attempt to develop one. It is these authors’ perspective that in an organisation already accustomed to sophisticated operational planning, the choice may be between a very rough, informal process of developing a strategy and a somewhat more formalised process. Specifically, this means that the practical option to most organisations is to move toward more formality in strategy making.

### 2.3.7. Levels of strategy

No matter the formality of the strategy making or the size of the organisation, large or small, the processes in undertaking strategic planning are essentially the same and can be seen as happening at three different levels: headquarters - corporate level / corporate strategy; unit - business level / business strategy; and department - functional level / functional strategy (Vancil and Lorange 1977). Other authors (Johnson and Scholes 1993; Wright et al. 1992; Andrews 1987; Hamermesh 1986; Hofer and Schendel 1978) also consider strategy in organisations as being divided into levels. Johnson and Scholes (1993) share the same view as Vancil and Lorange.
(1977) of three different levels of strategy in an organisation: the "corporate" level which deals with the overall scope of the organisation, the "competitive or business" level related with how a company should compete in a market, and the "operational" level focused on how the different functional areas of the organisation contribute to the other levels of strategy. Conversely, Andrews (1987) defines two levels of strategy:

In an organization of any size or diversity, "corporate strategy" usually applies to the whole enterprise, while "business strategy" less comprehensive, defines the choice of product or service and market of individual business within the firm. Business strategy is the determination of how a company will compete in a given business and position itself among its competitors. Corporate strategy defines the business in which a company will compete, preferably in a way that focuses resources to convert distinctive competence into competitive advantage.

Hamermesh (1986) also identifies three different levels of strategy in organisations that together form the overall strategy of the firm: institutional strategy, corporate strategy, and business strategy. For the last two concepts he shares the same view as Andrews, but by institutional strategy Hamermesh means "the basic character and vision of the company."

The differentiation between the levels of strategy in an organisation helps define the orientation of the company, its relation with the stakeholders, the markets where it is competing and how it is competing in these markets. The information inputs will also be defined according to the strategic aims of each level and the information gathered monitored according to its final use, the development of corporate, business or functional strategies.

Also important for the success of strategic planning is the way in which different levels in the organisation contribute to the strategic planning (Johnson and Scholes 1993). According to these authors, strategic plans at corporate level must build upon the strategies at lower levels within the organisational hierarchy. This is referred to by Johnson and Scholes as the bottom-up element of the strategy process. The
reverse of this element is the top-down approach to strategy, where the company has to work together to accomplish the corporate goals. To better understand the strategic planning process let us now look at how this is organised.

2.3.8. The process of strategic planning

According to Poole (1990, p. 40), the strategic planning process can be seen as “a continuous cycle in which the activities occur simultaneously or in varying order.” According to the same author, nearly all models of the strategic planning process encompass the following elements or activities:

- environmental scanning;
- developing a mission statement;
- setting goals and objectives;
- developing implementation plans;
- implementing the plans;
- monitoring the progress; and
- formal evaluation.

By performing these activities, organisations are able to identify the opportunities and threats posed by the business environment and develop appropriate plans to achieve their goals and objectives (Poole 1990). Drucker (1974) believes strategic planning does not deal with decisions that are made in the future but with decisions made in the present but which will affect the future and which concern the environment where the organisation must operate.

To engage in long-term strategic decisions, managers need to be aware of the external environment as well as the internal organisational resources (Webster 1994). This process is seen by Hofer and Schendel (1978) as a matching process which is a critical aspect of the managers work. On the other hand, the development of strategic planning has enabled organisations to plan for uncertainty instead of just planning within their current situation (Webster 1994).
Gilbert and Lorange (1977, p. 37) define five general "musts" that represent necessary, although not sufficient, conditions for the success of a formal planning process:

1. One of the aims of top management must be that they make use of the formal planning process as a support to formulate strategic choices.
2. The overall purpose of going through a formal planning process must be entirely understood at all the levels of the organization that are involved.
3. There must be at least a minimum of common requirements regarding the standardization of contents, formats, deadlines, methods, etc., of the formal planning system.
4. The formal planning system must be integrated with the other management systems of the company, such as, for instance, its management control system or management information system.
5. Line managers must be centrally involved in the formal planning process.

As seen by Gilbert and Lorange, although these five rules cannot ensure that the formal planning process will be successful, if they are observed, the chances of success will improve greatly.

Despite the benefits attributed to the strategic planning process research by Ansoff et al. (1976) found that not all organisations use strategic planning in helping them to manage their way forward. In fact, many organisations were still using the old long-range planning techniques based on the extrapolation of the past. According to Ansoff et al. the problem with these methods is that they lack an analysis of the alternatives, which in essence is needed if the organisation is hoping to adopt successful strategic plans.

For strategic planning to be effective Ansoff (1988) proposes that organisations need to be totally aware of their environment. For this to be possible organisations need to:

- become more aggressive;
- match their capabilities with the opportunities;
- change their internal culture to live in the new environment.
However, according to Maljers (1990), planning with a very long horizon obviously has its dangers, because, he argues, long-run changes are not well understood and are poorly forecast. Maljers defends a more flexible approach to strategic planning and strategy formulation. He sees careful analysis as vital for strategy formulation but he also thinks that it is necessary to avoid spending excessive time analysing at the expense of action. What he proposes is the need for a both realistic and pragmatic approach towards strategy formulation. Mintzberg (1994) also defends a more flexible approach to planning where strategy develops more incrementally than as a very formalised and structured process. However, as he states, “Too much planning may leads us to chaos, but so too would too little, and more directly.” (p. 416).

Traditionally, organisations were expected to make strategic decisions only after exhaustive analysis of both their competitive advantage and the industrial environment followed by careful planning (Maljers 1990). After examination Maljers concluded that actual company behaviour suggests that many firms operate in a very different way. In fact, decisions are made quickly, based on experience and intuition as well as thorough analysis. To better understand how less structured planning and strategic decision making can occur let us briefly review this process.

2.3.9. The process of strategic decision making

Hofer and Schendel (1978, p. 182) state that “The purpose of strategic decision making at the corporate level is the formulation and selection of strategies that best meet the objectives of the corporation.” Eisenhardt and Zbaracki (1992) see strategic decision making as crucial because it involves those fundamental decisions which shape the course of the organisation. These authors define a strategic decision as one which is important in terms of the actions taken, the resources committed, or the precedents set.

Johnson and Scholes (1993, p. 58) look at the decision process as having four different stages:
1. **Issue awareness:** the recognition that 'something is amiss', that a state of affairs exists which need remedying, or that an opportunity exists for development.

2. **Issue formulation:** the collection of information about, and examination of the circumstances of, the issue and the formulation of an organisational view about it.

3. **The development of solutions:** the generation of possible solutions.

4. **The selection of a solution:** the means by which a decision about what is to be done is reached.

According to Johnson and Scholes (1993), the awareness of a strategic issue normally occurs at an individual or small group level, it is not likely to be an analytical process but rather based on people's previous experiences. The issue formulation stage involves a number of processes. Normally, information gathering occurs but not necessarily in a highly structured and objective manner. The most common is for information to be sought and gathered on a verbal and informal basis, particularly among more senior management. However, this may be complemented with a more formal analysis. As argued by Johnson and Scholes (1993, p. 59):

... the rationalisation of information so as to clarify the situation is a process which draws heavily on existing managerial experience. Indeed, the role of information generated from more formalised environmental analysis in this process is often to post-rationalise or legitimise managers' emerging views of the situation.

In respect of the development of solutions, Johnson and Scholes state that managers look for ready-made solutions through memory search, in which the managers look for known, existing or tried solutions; or passive search, meaning that managers will wait for possible solutions to be thrown up. This process of developing solutions may overlap with the processes of selecting solutions. In fact, as seen by these authors, the two stages may be seen as part of the same process where a limited number of potential solutions gradually get reduced until one or more emerges.

The strategic decision process is a fundamental aspect of the organisation with impact on the motivation and morale of the staff (Child 1984). In fact, Child argues that motivation and morale may be depressed if decisions appear to be inconsistent
and arbitrary in the absence of standardised rules. On the other hand, and according to the same author, decision making may be delayed and lacking in quality if the necessary information is not transmitted on time to the appropriate people, and decision-makers are overloaded due to insufficient delegation.

At the same time, according to Maljers (1990), the developments in information technology mean that companies are faced with growing amounts of information. As a result the pace at which decisions need to be made also increase. In this context, Maljers argues that for a business to remain competitive the use of intuition is inevitable, even where strategic decisions are carefully analysed. Another relevant aspect to take into account is the decision making environment, and this, according to Quain, Render and Higgins (1990), depends on the amount of information that is available.

For a better understanding of the business environment and the information gathering process for decision making and planning, the concepts of business environment and environmental scanning are now presented and analysed.

2.3.10. Contribution to the study

In reviewing the strategic planning process, the concepts and characteristics presented reflect the relevance it has for the company’s success and survival. From the differing aspects highlighted, however, some can be seen as having particular importance for this study. These are:

- the provision of a framework for long term detailed planning and for day-to-day decisions;
- emphasis on the process of planning rather than on the production of a written document;
- continuous, cyclical process which encourages the participation of all members of staff to be affected by the decisions made;
• future oriented process requiring an analysis of the organisation’s present and expected external environment, involving a longer time frame than other types of planning;
• overall vision of the main purpose of the organisation and focus on high-priority activities;
• provision of alternative courses of action which anticipate potential changes in the organisation or its environment;
• top-level activity in which top management must be actively involved.

These characteristics have particular relevance because they provide the conditions for the strategic planning process to be used by both companies where strategy is intended and realised. In fact, by putting the emphasis on the process of planning rather than on the production of a written document, it is likely that the flexibility allowed will make it more adequate to face today’s rapidly changing environments.

Being a continuous and cyclical process which encourages the participation of all members of staff to be affected by the decisions made, the strategic planning process guarantees the motivation and commitment needed for its success. On the other hand, the fact that it is a future oriented process requiring an analysis of the organisation’s present and expected external environment, it takes into account not just the existing strengths and weaknesses of the organisation but also potential opportunities and threats.

By providing alternative courses of action which anticipate potential changes in the organisation or its environment, the strategic planning process supports top-level decision making so requiring its support and involvement to guarantee the success of this process.

Other characteristics have been presented which also confirm the relevance of the planning process. However, due to their broad implications for any type or size of organisation, those discussed above present particular importance for the study of strategic planning.
2.4. ENVIRONMENTAL SCANNING PROCESS AND CHARACTERISTICS

The environmental scanning process derives its importance from the concept of business environment and encompasses different approaches with specific characteristics. To allow an understanding of this process as well as its relationship to strategic planning, a revision and discussion of the environmental scanning approaches are now provided. The relationship between environmental scanning and strategic planning as well as the scanning activities of hospitality organisations are also presented.

2.4.1. The concept of business environment

The environment of an organisation consists of the outside forces that directly or indirectly influence its goals, structure, size, plans, procedures, operations, input, output, and human relations (Preble 1978; Segev 1977). The importance of understanding the environment is demonstrated in research by Bourgeois (1985) where he shows that a firm which examines its environment accurately, tends to achieve a higher than average level of economic performance.

The theory of open systems introduced the concept of the environment and its effect on the organisation (West and Anthony, 1990). The concept of an open system is based on the assumption that an organisation’s growth and survival is dependent on the nature of the environment that it faces (Fahey et al. 1983). It has been recognised that different environments impose different demands and/or opportunities for organisations (Kefalas and Schoderbeck 1973).

Thomas (1974) suggests that the application of systems theory to the corporate environment can be done by employing the concepts of ‘resolution levels’ or ‘superordinate systems’. These can be grouped into two broad categories: ‘operating
environment' and 'general environment'. The operating environment\(^1\) can be defined as the set of suppliers and other interest groups which the firm deals with, while general environment is defined as the national and global context of social, political, regulatory, economic and technological conditions (Daft, Sormunen and Parks 1988; Fahey and King 1977; Thomas 1974). According to Daft et al. (1988), sectors\(^2\) in the task and general environment are expected to influence scanning and other organisational activities because these sectors differ in uncertainty.

Thomas (1974) argues that the analysis of the general environment is at least as important as the analysis of the operating environment for purposes of corporate planning. While sharing the same perspective, Fahey and King (1977) go further and consider the general environment as being more relevant to strategic planning and as requiring a greater degree of innovation in the collection of information.

2.4.2. The concept of environmental scanning

The seminal work in this field was carried out by Aguilar (1967) whose purpose was to look at the ways in which top management gains relevant information about events occurring outside the company in order to guide the company's future course of action. In his study Aguilar (1967, vii) refers to environmental scanning as:

> scanning for information about events and relationships in a company's outside environment, the knowledge of which would assist top management in its task of charting the company's future course of action.

A similar perspective is proposed by Hambrick (1981) who defines environmental scanning as the managerial activity of learning about events and trends in the organisation's environment, conceiving it as the first step in the ongoing chain of perceptions and actions leading to an organisation's adaptation to its environment.

---

\(^1\)The operating environment is sometimes referred to as 'specific environment', 'immediate environment' and/or 'task environment'.

\(^2\)Sectors are the main elements comprising both task and general environment, i.e., competitors, suppliers, social, political, etc.
The majority of authors agree that the main functions of environmental scanning are: to learn about events and trends in the external environment; to establish relationships between them; to make sense of the data; and to extract the main implications for decision making and strategy development (Daft et al. 1988; Lenz and Engledow 1986; Stubbart 1982; Fahey and King 1977; Segev 1977; Keegan 1974; Thomas 1974; Kefalas and Schoderbeck 1973).

Despite being an established activity with well defined elements, environmental scanning is not in widespread use among business organisations (West and Olsen 1989; Jain 1984) and the scanning behaviour differs from one company to another (Olsen et al. 1994; Daft et al. 1988; Preble et al. 1988; Lenz and Engledow 1986; Farh et al. 1984; Hambrick 1982).

2.4.3. Environmental scanning and its importance for strategic planning

Research shows that the degree of importance of environmental scanning in a company can be inferred by the way scanning activities are integrated into the overall planning process (Fahey and King 1977). According to Jain (1984) as companies grow in size and complexity their need for formal strategic planning increases accordingly and with it the need for a systematic approach to environmental scanning. Thus, Jain adds that the effectiveness of strategic planning is directly related to the capacity for environmental scanning.

In this context Terry (1977) argues that the most obvious use for environmental scanning is gathering data for long range planning. Terry suggests that being such an important activity it can also be used for organisational development and design, development of agenda for executive boards or boards of management, and management education.

As organisations derive their existence from the environment they should scan and monitor their business environment and incorporate the impact of environmental trends on the organisation by reviewing corporate strategy on a continuous basis.
(Jain 1993). From Jain’s standpoint scanning improves an organisation’s abilities to deal with a rapidly changing environment in various ways:

- It helps an organisation capitalise early on opportunities;
- It provides an early signal of impending problems;
- It sensitises an organisation to the changing needs and wishes of its customers;
- It provides a base of objective qualitative information about the environment;
- It provides intellectual stimulation to strategists in their decision making;
- It improves the image of the organisation with its publics by showing that it is sensitive to its environment and responsive to it;

The information gathered by the environmental scanning process differs from industry or competitive analysis in two main aspects, it is broad in scope and it is future-directed (Stubbart 1982). As such, environmental scanning should be conceptualised as a process of data collection about the business environment which may help managers identify opportunities, detect and interpret problem areas, and implement strategic or structural adaptations (Daft et al. 1988).

### 2.4.4. Scanning characteristics and processes

According to Murphy (1989) there are some characteristics of environmental scanning that can be seen as essential:

- It should be integrative (part of the planning and decision making system of the corporation);
- It should be relevant to strategic planning (focus on strategic issues and assistance in strategic decision making);
- It should take a holistic approach (so as not to miss any signals).

Terry (1977) argued that environmental scanning will normally start in existing organisations and therefore, much relevant data will be readily available, for example the company’s mission and functional plans. These, he asserts, should be taken into
account in setting up the process of environmental scanning, even though they may be radically altered after the scan has taken place. Consequently, Terry suggests that the following should inform the designing of an environmental scanning process:

- The scan needs to consider all possible influences in the company;
- The purpose of environmental scanning is not to foretell accurately the future but to plot the issues which are likely to have impact on the company so it can be prepared to cope with them when they arise;
- The results of environmental scanning should be a proactive rather than a reactive stance by the company towards its environment;
- It is not sufficient for managers to understand the plan that results from the environmental scan, it is crucial that they understand the thinking that has led to the development of strategic and tactical key issues;
- It should focus managers' attention on what lies outside the organisation and allow them to create an organisation which can adapt to and learn from that environment.

2.4.5. Approaches to environmental scanning

There are two distinct approaches within environmental scanning: the "outside-in" or macro-approach, and the "inside-out" or micro-approach (Fahey and Narayanan 1986). The outside-in approach, adopts a broad view of the environment. It looks at all the existing elements in the outside environment facing the organisation. Its main concerns are the longer-term trends, the development of alternative views or scenarios of the future environment, and the identification of the implications for the industry in which the firm operates and the implications for the firm itself. The inside-out approach takes a narrow view of the environment. It looks just for some elements in the outside environment as its view is constrained by the internal influences of the organisation. For the main differences between these perspectives see Table 2.2.
Table 2.2. The Outside-in and Inside-out perspectives

<table>
<thead>
<tr>
<th>Focus and Scope</th>
<th>Outside-in</th>
<th>Inside-out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unconstrained view of environment</td>
<td>View of environment constrained by conception of organisation</td>
<td></td>
</tr>
<tr>
<td>Goal</td>
<td>Broad environmental analysis before considering the organisation</td>
<td>Environmental analysis relevant to current organisation</td>
</tr>
<tr>
<td>Time Horizon</td>
<td>Typically 1-5 years, sometimes 5-10 years</td>
<td>Typically 1-3 years</td>
</tr>
<tr>
<td>Frequency</td>
<td>Periodic/ad hoc</td>
<td>Continuous/periodic</td>
</tr>
<tr>
<td>Strengths</td>
<td>Avoids organisational blinders</td>
<td>Efficient, well focused analysis</td>
</tr>
<tr>
<td></td>
<td>Identifies broader array of trends</td>
<td>Implications for organisational action</td>
</tr>
<tr>
<td></td>
<td>Identifies trends earlier</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Fahey and Narayanan (1986)

2.4.6. The content of environmental scanning

The elements most commonly referred to as composing environmental scanning are: political, economic, social, and technological elements, well known as ‘PEST analysis’ (Johnson and Scholes 1993; Fahey and Narayanan 1986; Aaker 1984). The activity through which organisations collect data from these areas can be characterised as Irregular, Periodic, or Continuous in increasing order of sophistication and complexity (Fahey et al. 1983). According to these authors, irregular systems are characterised by the reactive nature of planning as well as environmental scanning. On the other hand, they suggest that periodic systems are more sophisticated and complex, and, while the focus is still on problem solving, they exhibit greater proactive characteristics. Finally, they believe continuous systems are the ideal systems because attention is directed not only towards mere problem-solving but primarily towards opportunity-finding and the realisation that planning systems contribute to the growth and survival of the organisation in a proactive way.

2.4.7. The outcome of environmental scanning

The outcomes of environmental scanning, according to Fahey and Narayanan (1986), are: an understanding of current and potential changes taking place in the environment; the provision of important data for strategic decision makers; and the
facilitation and development of strategic thinking in organisations. Jain (1993) emphasises that scanning serves as an early warning system for the environmental forces that may impact a company's products and markets in the future. As argued by Slattery and Olsen (1984) environmental scanning helps managers to foresee favourable and unfavourable influences and initiate strategies which will enable their organisations to adapt to the environment.

These outcomes can be divided into short term and long term outcomes. In the short term the outcome is to modify the company's actions in order to better explore opportunities and avoid threats. In the long term the outcome is to inform the development of strategies.

However, while the outcomes of environmental scanning are very important the process of engaging in it is no less important (Fahey and Narayanan 1986). Undertaking the process, according to these authors, leads to enhanced capacity and commitment in understanding, anticipating, and responding to external changes on the part of the firm's key strategic managers. Environmental scanning can be a powerful tool for strategic planning if it has specific aims and objectives, and the commitment of the key players within the organisation (Engledow and Lenz 1989).

2.4.8. Environmental scanning and strategic planning relationship

As empirical research shows, to succeed environmental scanning activity has to be linked to the formal planning process (Engledow and Lenz 1989; Jain 1984; Fahey and King 1977). However, even though organisations realise and accept the need to relate environmental information to long-range plans, so far most of them still perceive themselves as being primarily involved in relating environmental phenomena to short term choices (Fahey and King 1977).

Jain (1993) proposes a seven step approach to explain the link between environmental scanning and corporate strategy in organisations:
1. Keep a tab on broad trends appearing in the environment;
2. Determine the relevance of an environmental trend;
3. Study the impact of an environmental trend on a product/market;
4. Forecast the direction of an environmental trend into the future;
5. Analyse the momentum of the product/market business in the face of the environmental trend;
6. Study the new opportunities that an environmental trend appears to provide;
7. Relate the outcome of an environmental trend to corporate strategy.

As Jain (1993) suggests, based on information about environmental trends and their impacts, a company needs to review its strategy on two counts: changes that may be introduced in current products/markets, and feasible opportunities that the company may embrace for action. In fact, the identification of weak signals in the business environment may provide the best opportunities in the long term for organisations (Ansoff and McDonnell 1990).

2.4.9. Scanning and the development of strategies

Strategy as a plan, and strategy as a pattern have different implications for environmental scanning activities. According to research (Daft et al. 1988; Jain 1984; Fahey and King 1977; Kefalas and Schoderbeck 1973), environmental scanning needs to be linked to strategic planning in order to be a successful activity. From this perspective, environmental scanning fits perfectly into the planning process of the organisation. However, in organisations where strategies result from consistency in behaviour the design of environmental scanning activities for strategic decision making will have to follow a different process.

As demonstrated by research (Daft et al. 1988; Jain 1984; Fahey and King 1977; Kefalas and Schoderbeck 1973), there is a strong link between environmental scanning and strategic planning. While environmental scanning provides information for strategic decision making, the development of strategies justifies the need for environmental scanning by organisations. This justification is particularly important
in periods of economic recession when organisations try to cut down their costs mainly in those departments where the importance of actions can only be assessed in the long term as is the case with environmental scanning (Fahey et al. 1983).

On the other hand, as Mintzberg (1994) argues, there are organisations where strategies are not made explicit or simply do not exist formally. As strategies cannot be purely deliberate and a few can be purely emergent (Mintzberg 1994), the most logical behaviour for an organisation would be to develop some sort of formal planning process. However, considering that organisations will not formalise their strategies just to justify the creation of a scanning activity, the justification will have to originate from managers who must realise the importance of scanning the business environment for better decision making and planning, no matter what kind.

2.4.10. Environmental scanning activities by hospitality organisations

In relation to the hospitality industry Olsen et al. (1992) argue that environmental scanning helps managers to foresee favourable and unfavourable influences and initiate strategies which will enable their organisations to adapt to the environment. They state that:

If one accepts the proposition that the environment has the ability to threaten the continued survival of the firm and that managers possess the ability to adapt to these environmental forces through their use of competitive tools, then one must see how important it is for hospitality managers to monitor and accurately perceive their environment.

Despite the prior empirical work and recommendations that companies should undertake environmental scanning activities, research shows a different reality (Olsen et al. 1994). In fact, according to Olsen et al. hospitality organisations are aware of the need to relate environmental information to long-range plans, but so far the majority are just relating this information to short term decisions.

Research into the environmental scanning process has also discovered that much of the scanning activity of managers is informal in nature (Fahey et al. 1983). Managers
are too concerned with the short term, and for this reason, their main goal is to get information about the economy, financing and customer needs and wants, and ignoring other sectors of the general environment (Olsen et al. 1994). There are many structural and psychological reasons why this happens. One major reason is that any attempt to monitor both the general and task environments comprehensively is beyond the resources and abilities of all firms.

A study by West and Olsen (1989) into the hospitality industry reported the majority of the companies as having an informal scanning process. This was based on inputs about the environment from other members of staff, market research information or interaction with managers of other companies at professional and trade association meetings. Respondents to the study cited that a major weakness associated with the scanning endeavour was the lack of good, reliable information, and the authors further highlighted that scanning is expensive when engaged in at the highest levels of the firm.

Thus for hospitality managers it is seen as “... time taken away from more tangible pursuits”, and “Active problem solving is much more rewarding to managers than time spent in such ‘soft’ activities as scanning”. (Olsen et al. 1992, p. 58). These statements reflect other deeply ingrained reasons for the lack of commitment towards the scanning process. According to the same authors, another problem affecting formalised environmental scanning is that much of the information processed by the manager during scanning is difficult to evaluate quantitatively “making assessment of its impact upon the firm more of a guessing game than a formal strategic exercise.”

As many organizational studies have reported, the inability of executives to assign probabilities to events in the environment with respect to their impact upon the firm dilutes the value of environmental scanning efforts to the decision making process. (Olsen, Tse and West, 1992, p. 58)

The evidence provided (see for example: Olsen et al. 1994; Olsen et al 1992; West and Olsen 1989) reveals that, besides the scarcity of reliable information and the
constraints on resources, something more complex is affecting the development of scanning activities in organisations. The lack of a long term perspective coupled with a commitment to immediate tangible pursuits, and a strong reliance on quantitative data are strong reflexes of the existing organisational culture amongst hospitality organisations. Perhaps the existing culture rather than the link to the strategic planning process is what makes the difference in the successful implementation of environmental scanning activities. It is clear that the malfunctions of the process are due to a lack of commitment by the organisations to continuously assess their environment in search for other events and trends than just mere statistical information.

It is possible that one way to lead organisations to undertake environmental scanning activities is to design the process in such a way as to fit the organisational structures and needs, and, as argued by Jain (1993), short term scanning might be useful for programming various operational activities, as opposed to strategic planning activities.

2.4.11. Contribution to the study

In reviewing the environmental scanning process, certain aspects emerge as central to the context of this research. The fact that environmental scanning can be used for organisational development and design and also for management education (Terry 1977), reveal a much broader scope for the scanning process that just the gathering of data for strategic planning. Other relevant characteristics include:

- early identification of opportunities and signals of impending problems;
- information on the changing needs and wishes of customers;
- objective qualitative information about the environment;
- intellectual stimulation and assistance in strategic decision making;
- development of strategic and tactical key issues
- proactive rather than a reactive stance towards the environment.
Besides allowing an early identification of opportunities and threats and providing information on customers, environmental scanning can also provide intellectual stimulation and help in the development of a proactive attitude towards the business environment. As a result of these characteristics, environmental scanning can be seen as important not just for those companies who have a formal strategic planning process but also for those where strategy is informal and realised.

2.5. ENVIRONMENTAL SCANNING MODELS AND THEIR APPLICATIONS

According to Gilbert (1993) a model can be defined as a theory or set of hypotheses which attempts to explain the connections and interrelationships between social phenomena. From his perspective, models are made up of concepts and relationships between concepts. As Gilbert proposes, a model can be used to make predictions about how the 'real world' will respond to changes, and the relationships specified in the model will also serve as an explanation of how the 'real world' works.

It can be said that corporate planning models are quite recent when compared with other tools available in the business management field (Shim and McGlade 1989). According to the same authors the definition of a planning model varies with the scope of its application. In this context, the importance of an environmental scanning model resides in its potential to analyse more accurately the external environment and forecast business trends.

The need for a considerable amount of data about the external business environment is obvious when managers have to make certain business decisions. Information derived from within the company has little strategic value when it comes to the analysis of the task or general environment. In situations such as these the collection of external data is a priority (Young 1981). In order to better understand the application and use of environmental scanning models, an analysis of the existing models will follow as a basis for identify their benefits and adequacy either for formal or informal planning companies.
Not all of the authors writing on environmental scanning present models for scanning the environment. Some develop models either based on published information on the environmental scanning behaviour of organisations (Camillus and Datta 1991; Ginter and Duncan 1990; Narchal, Kittappa and Bhattacharya 1987; Terry 1977), or the findings of their empirical research (West and Olsen 1989; Fahey and King 1977; Segev 1977; Aguilar 1967), while others present frameworks or processes to follow when undertaking business environmental scanning (Jain 1993; Murphy 1989; Nanus and Lundberg 1988; Aaker 1983; Keegan 1974; Thomas 1974; Kefalas and Schoderbeck 1973).

Some of these models provide good illustrations of the process of environmental scanning and the limitations to be overcome when undertaking the activity. Five studies in particular (Jain 1993; Aaker 1983; Fahey and King 1977; Segev 1977; Aguilar 1967) provide the context and highlight the steps necessary in order to develop an effective environmental scanning process. To better understand this environmental scanning process a detailed analysis of each of these studies follows.

2.5.1. Aguilar’s modes of scanning

The first empirical study on the environmental scanning behaviour of organisations was carried out by Aguilar (1967). Aguilar’s research concerns the kinds of external information that managers obtain and regard as important, the sources used by them to obtain this information and the ways by which this information was collected. It can be said that his work was essentially focused on recognition, search and internal communication of external information. As he states in his study, this was exploratory in the sense that it was more concerned with finding out what was happening than in “proclaiming what should be happening”.

In characterising the scanning process Aguilar defines four different modes of scanning: undirected viewing, conditioned viewing, informal search, and formal search. They differ between them in terms of their complexity of environmental
scanning from the simplest form, undirected viewing, to the most sophisticated form, formal search. (Table 2.3).

From Aguilar's viewpoint the real value of the concept of modes lies in the fact that it facilitates the understanding of not just what is happening but why organisational scanning takes the various forms that it does.

Table 2.3. Modes of scanning and its characteristics

<table>
<thead>
<tr>
<th>Modes of Scanning</th>
<th>Exposure to information</th>
<th>Purpose of scanning</th>
<th>Recognition of relevance of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undirected viewing</td>
<td>• General</td>
<td>• Not specific</td>
<td>• Vague and tentative</td>
</tr>
<tr>
<td>Conditioned viewing</td>
<td>• Direct</td>
<td>• Signal a warning</td>
<td>• Sensitive to particular kinds of data</td>
</tr>
<tr>
<td>Informal search</td>
<td>• Active</td>
<td>• Looking for specific information</td>
<td>• Act in a way that will improve the possibility of encountering the desired information</td>
</tr>
<tr>
<td>Formal search</td>
<td>• Deliberate</td>
<td>• To secure specific information or information relating to a specific issue</td>
<td>• Follows a pre-established plan, procedure or methodology</td>
</tr>
</tbody>
</table>

Source: Adapted from Aguilar (1967)

This study by Aguilar gives us a first characterisation of the different scanning behaviours of organisations and the explanations for each particular mode of scanning. It has been the basis for the extensive research carried out in the field of business environmental scanning.

2.5.2. Fahey and King's scanning model framework

Another important study is that by Fahey and King (1977) which consists of a descriptive analysis of a survey in which twelve large business organisations were questioned in depth about their environmental scanning activities. The objectives of the survey were the identification of environmental scanning processes and activities, and the assessment of the relationship of the activities to corporate planning. The study focused on the following aspects of environmental scanning (Fahey and King 1977, p. 64):

The scanning model used and any current changes occurring in the firm's scanning activities.
The relative perceived importance of various environmental subsystems (social, political, regulatory, and so on) to the firm. [and] The degree of integration of environmental scanning into the firm’s planning process.

An important aspect of Fahey and King’s study is the conceptual framework developed to characterise, evaluate and compare companies’ scanning activities. Instead of four scanning modes, as developed by Aguilar, they present three scanning models (see Table 2.4) ranging from the less structured scanning activity, to the most complex one. The scanning models proposed are: the irregular model, the regular model and the continuous model.

Table 2.4. Scanning model framework

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Irregular</th>
<th>Regular</th>
<th>Continuous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media for scanning activity</td>
<td>Ad hoc studies</td>
<td>Periodically updated studies</td>
<td>Structured data collection and processing systems</td>
</tr>
<tr>
<td>Scope of scanning</td>
<td>Specific events</td>
<td>Selected events</td>
<td>Broad range of environmental systems</td>
</tr>
<tr>
<td>Motivation for activity</td>
<td>Crisis initiated</td>
<td>Decision and issue oriented</td>
<td>Planning process oriented</td>
</tr>
<tr>
<td>Temporal nature of activity</td>
<td>Reactive</td>
<td>Proactive</td>
<td>Proactive</td>
</tr>
<tr>
<td>Time frame for data</td>
<td>Retrospective</td>
<td>Primarily current and retrospective</td>
<td>Prospective</td>
</tr>
<tr>
<td>Time frame for decision impact</td>
<td>Current and near term future</td>
<td>Near-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>Organizational makeup</td>
<td>Various staff agencies</td>
<td>Various staff agencies</td>
<td>Environmental scanning unit</td>
</tr>
</tbody>
</table>

Source: Adapted from Fahey and King (1977)

According to Fahey and King the irregular model can be seen as mainly a reaction to a ‘crisis’, while the regular model is more comprehensive and systematic than the previous and its approach is typically decision or issue oriented. The continuous model emphasises the on-going monitoring of various environmental systems (political, regulatory, and competitive) and while the other models provide environmental information to support specific choices, the continuous model supports the variety of choices inherent in strategic planning.

Fahey and King’s study provides an accurate analysis of the contemporary scanning activities by organisations and shows the range of different practices in use. As they demonstrate, despite the evidence shown by research towards the benefits of
environmental scanning companies still face their business environment reactively and without any concern for its analysis and monitoring.

### 2.5.3. Segev’s model of environmental analysis

The process of environmental scanning faces other challenges in order to become an established organisational activity. Research conducted by Segev (1977) highlights some of these aspects. Segev’s work is concerned with how formal scanning is actually used in strategy making and how the information is incorporated into strategic decision making. It is based on research conducted over a ten-year period in four organisations that had environmental analysis units (EAU) advising strategy-making teams (SMT). From the findings Segev developed a descriptive model of how environmental analysis was being incorporated into strategic decision making. However, based on the analysis of this existing model he recommends another model to correct the “malfunctions of the process”. This model (see Figure 2.1) focuses on deviations from the descriptive model and includes clarification of the participants’ roles, changes in existing phases and their relationships, and recommendation of additional phases.

The descriptive model showed that scanning was performed by the SMT as an informal and unsystematic process (phase 1). To improve this activity Segev proposes a previous phase (1a) in order to transform environmental scanning into an ‘on-going study of the environment’ to be carried out by the EAU. This phase will also impact on the trigger (phase 3) and on the scanning behaviour of the SMT (phase 1).

Another proposed change occurs when moving from phase 2 to phase 5. The descriptive model showed the trigger (phase 3) as an event or set of events that initiated either strategy changes (phase 4) or a request for environmental data (phase 5). Segev proposes a different approach to this sequence which has to do with the

---

3Some authors like Olsen et al (1993) use environmental scanning and environmental analysis interchangeably, and as can be seen by Segev's definition of environmental analysis it comprehends the same elements and relationships as those described by Aguilar (1967) in his definition of environmental scanning.
creation of phase 11. The creation of this phase aims at facilitating the use of environmental analysis for changes in strategy (phase 4) which will lead to a request for environmental data.

The descriptive model presented phases 6 and 7 as separate phases. Phase 6 consisted in the assignment of environmental analysis project and definition of topic, carried out by the SMT and EAU, and phase 7 consisted in the operational definition of the environmental analysis topic, carried out by the EAU. From Segev’s perspective, this two phase definition of a project instead of acting as a link between the strategy-making team and the environmental analysis unit served to ‘magnify’ the differences between the two groups. To solve this conflict he proposes the combination of the two separate phases so that the two groups can produce an assignment definition that can be used as an operational definition.

Finally, another change in the existing stages occurs in phase 10. The descriptive model showed an indirect impact of environmental data on strategy making affecting the SMT. Segev instead recommends more frequent exposure of the strategy makers to the data. He suggests that this additional exposure be achieved through periodical progress reports, and that this meeting between the two groups will also serve to familiarise analysts with the strategy makers’ needs.

The so called ‘malfunctions of the process’ are due to a lack of interaction and clear communication between environmental scanners and strategy makers. The recommendations proposed by Segev are intended to bring the two groups to a more close relationship so that the translation of environmental scanning into specific strategy changes can be performed co-operatively by analysts and strategy makers. This recommended model will allow environmental scanning to play a direct rather than indirect role in strategy making. The conflicting relationship between scanners and planners is an important factor in the development of an environmental scanning process. This situation might explain the lack, or the improper use, of potentially useful information by companies, and also, the incorrect link between scanning and planning and consequent termination of scanning activities.
Figure 2.1. Recommended use of environmental analysis in strategy making

1a. On-going systematic study of the environment (EAU)

1. Informal and unsystematic environmental scanning (SMT)

2. Perceived environmental causes for strategy changes (SMT)

3. The trigger (SMT)

5. Request for environmental data (SMT)

6-7. Assignment of environmental project and joint operational definition of the topic (SMT & EAU)

8. Collection and analysis of environmental data (EAU)

9. Preparation of a report and presentation of analysis to strategy makers (EAU & SMT)

10. Indirect impact of environmental data on strategy makers (SMT)

11. Translation of environmental analysis into specific strategy changes (SMT & EAU)

4. Strategy changes (SMT)

SMT - Strategy making Team
EAU - Environmental Analysis Unit

Source: Segev (1977)
2.5.4. Aaker's strategic information scanning system

Aaker (1983) proposes an interesting approach to environmental scanning. From his viewpoint, planning requires an external analysis of the environment and this analysis normally relies upon information that has been gathered in an ad hoc, unsystematic way by those involved in the planning process. From his perspective a considerable amount of information is exposed to managers but is lost, dissipated or unused. Aaker presents three reasons for this problem:

1. The scanning effort tends to be undirected
2. The scanning effort is not partitioned among the participants
3. There is no vehicle to store and subsequently retrieve and disseminate the information

To resolve this situation Aaker developed the ‘Strategic Information Scanning System’ (SISS), Figure 2.2, to enhance the effectiveness of the scanning effort and preserve much of the information now lost in the organisations. This system consists of six steps. Steps one and two specify information needs and sources, steps three and four identify the participants of the system and assign them to scanning tasks, finally steps five and six deal with the storage, processing, and dissemination of the information.

The information needs are often designed to identify emerging threats or opportunities, but they can also involve monitoring threats or opportunities already identified. As Aaker explains, information needs will be specific to a context, however several general areas are often represented: competitors and potential competitors; market; and the environment that relates to the firm. One important aspect is always to reduce the areas of information need to a manageable number by evaluating the actual or potential trends or events that are associated with such an area.
In regard to the information sources, the objective is to develop a list of sources that will comprise the core inputs to the strategic information scanning system. This list will consist of those information sources that organisation members will be exposed to in the normal course of conducting business.

The participants of the SISS are those executives and staff that are directly involved in the planning process. Other members of the organisation who are exposed to useful information sources should also be included. According to Aaker, “The purpose of the SISS is to capture and use that information that is available to the organisation on a no-cost or low-cost basis.”

The assignment of scanning tasks is a core concept of the SISS. This “partition” of the scanning task makes it manageable for those involved in the process. It consists of assigning individuals to scan information sources considering first those regarded as highly useful. If several participants are assigned to the same information source it might be useful to divide it by information areas, and so explore the interests and backgrounds of the participants and at the same time reduce the scope of the task.

On the other hand, the assignment task can also be organised by information need. According to Aaker, besides those with scanning assignments there will be others who will be exposed to useful information. In this case, if they are made aware of the strategic information scanning system and how to input information to it they will be able to contribute.

Finally, Aaker argues that the storage and dissemination of information is crucial for the success of the system. He proposes a storage process that can be a simple set of files or a sophisticated computer-based information retrieval system. From his perspective the vital characteristic about the storage element is that organisation members know where to send the information they have collected.
Figure 2.2. Strategic Information Scanning System

<table>
<thead>
<tr>
<th>STEPS</th>
<th>TASKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Specify information needs</td>
<td>• Competitors/Potential Competitors</td>
</tr>
<tr>
<td></td>
<td>• Market - segments, size, growth</td>
</tr>
<tr>
<td></td>
<td>• Environment relating to the firm</td>
</tr>
<tr>
<td></td>
<td>• Areas likely to impact on firm</td>
</tr>
<tr>
<td></td>
<td>• Likelihood of trends/events happening</td>
</tr>
<tr>
<td></td>
<td>• Nature of the response time</td>
</tr>
<tr>
<td>2. Specify information sources</td>
<td>• Identify useful/most useful</td>
</tr>
<tr>
<td></td>
<td>• Identify those read regularly/occasionally</td>
</tr>
<tr>
<td></td>
<td>• Identify shows/meetings to be seen possibly/certainly</td>
</tr>
<tr>
<td></td>
<td>• Identify which customers/suppliers seen regularly/occasionally</td>
</tr>
<tr>
<td></td>
<td>• Identify which customers/suppliers are casual/close contacts</td>
</tr>
<tr>
<td>3. Identify participants</td>
<td>• Those executives/staff directly involved in the planning process</td>
</tr>
<tr>
<td></td>
<td>• Those also exposed to useful information sources e.g. field sales</td>
</tr>
<tr>
<td>4. Assign scanning tasks</td>
<td>• Identify highly useful information sources and assign small number of those exposed to the source to scan regularly</td>
</tr>
<tr>
<td></td>
<td>• Single information sources can be partitioned and participants assigned to an area of their interest or background</td>
</tr>
<tr>
<td></td>
<td>• Same process for that information deemed only useful</td>
</tr>
<tr>
<td>5. Storage and processing of information</td>
<td>• Storage can be a set of files/computer database system</td>
</tr>
<tr>
<td></td>
<td>• No ambiguity of where information should be stored or routed</td>
</tr>
<tr>
<td></td>
<td>• Information should be sent to a central point to be filed/processed</td>
</tr>
<tr>
<td>6. Dissemination of information</td>
<td>• System could vary from a simple file set / a summary provided prior to planning process / continuously updated computer retrieval system</td>
</tr>
</tbody>
</table>

Source: Adapted from Aaker (1983)
The Strategic Information Scanning System can provide useful strategic information which is achieved by focusing on target information needs, allocating effort among those exposed to relevant information, and having an effective system for storing, processing and disseminating information. By following this simple and well organised process of environmental scanning, organisations are able to make full use of important available information, collected, processed and stored at a very low cost.

This process proposed by Aaker is an interesting alternative to continuous scanning using an outside-in perspective, as looking at all sectors of the external environment is highly expensive and only large organisations will have adequate resources to undertake such activity.

2.5.5. Jain’s model of environmental scanning link to corporate strategy

As mentioned before, an important aspect of environmental scanning is its relationship to strategy making. Jain (1993) presents an interesting perspective on the link between environmental scanning and corporate strategy. According to Jain, scanning serves as an early warning system for the environmental forces that may impact a company’s products and markets in the future. However, despite its importance there is as yet, no accepted, effective methodology for environmental scanning. From his perspective, the scanning activity in a company evolves over time, and there is “no way to introduce a foolproof system from the beginning.” As he proposes, the level and type of scanning that a company undertakes should be custom designed, and a customised system takes time to develop into a viable system. Based on the above premises he presents the process by which environmental scanning is linked to corporate strategy (Figure 2.3).

According to the relationship presented in Figure 2.3 Jain recommends organisations to “Keep a tab on broad trends appearing in the environment.” As soon as the organisations have defined the scope of environmental scanning, they may periodically review broad trends in chosen areas.
The next step is to determine the relevance of an environmental trend as not everything occurring in the organisation’s environment may be relevant to it. Being so, there must be an effort to select those trends that are more likely to affect the organisation. The impact of environmental trends must be analysed as they can either pose a threat or an opportunity for the organisation. The direction of these trends should also be examined because if an environmental trend appears to be significant for a certain product or market, it is important to determine the course it is likely to take.

At this stage organisations should analyse the “momentum” of the product/market business with and without the impact of trends. It is important for organisations to develop two likely scenarios: 1) What will happen if they do not take any measures to anticipate the trend?, and, 2) What will the situation be if they plan to avoid or explore the threat or opportunity posed by the trend? It is possible that the environmental trend will not be relevant for the near future of the organisation, but it may indicate potential new opportunities in the medium and long term future. In this case, these opportunities should be monitored and analysed for action.

Finally, Jain relates the outcome of environmental trends to corporate strategy. He proposes that, based on environmental trends and their likely impacts, organisations need to review their strategy on two counts: changes that may be introduced in current products/markets and feasible opportunities that the company may embrace for action. Jain’s conclusion is rather important for the development of environmental scanning in organisations. As he states:

Although procedural steps for scanning the environment exist, scanning is nevertheless an art in which creativity plays an important role. Thus, to adequately study the changing environment and relate it to corporate strategy, companies should inculcate a habit of creative thinking on the part of its managers.
Figure 2.3: Environmental scanning link to corporate strategy

Source: Jain (1999).
Research clearly shows that companies should engage in environmental scanning in order to better explore opportunities and avoid threats. However, organisations are composed of people, and it is up to management to finally decide to engage or not in environmental scanning. This activity is very much dependent upon the perspective, and managerial approach of those in charge of the organisation. According to this perspective, and bearing in mind the existence of formal planning and informal planning companies, the scanning process has to be organised in such a way as to perform an important role in the company’s strategy making. This can be achieved at a low cost and without absolute dependence on the formal strategic planning process.

2.5.6. Contribution to the study

In reviewing the environmental scanning models, the following aspects emerge as relevant in developing an environmental scanning process irrespective of the formal or informal approach to strategic planning the hotel chain adopts:

- it should be deliberate and prospective;
- it should look for specific and broad ranging information;
- it should follow a pre-established plan, procedure or methodology;
- it should be proactive and planning process oriented;
- it should be an ongoing study of the business environment and not crisis initiated;
- there should be a high level of interaction between scanners and decision makers;
- there should be a clear definition of information needs and sources;
- participants should be selected and their role/scanning tasks clearly specified;
- the means of storing, processing and disseminating information should be clearly defined.

On the other hand, in order for companies to engage in environmental scanning the process has to match its needs and resources. One way to achieve this purpose may be to take an inside-out perspective by selecting the areas where information is needed and identifying the adequate sources to use. It is also important to choose the participants from those members of the organisation exposed to relevant information,
and to develop a continuous process of environmental scanning that explores the issues arising in the sources under analysis. According to the organisational structure, the information should be analysed, its importance for the organisation inferred, and storage/dissemination carried out so that those members of staff playing vital roles in the strategy making process have access to it.

By following these steps it is likely that the process of environmental scanning will perform the important role of providing information for strategic decision making, and at the same time take into account the major limitations that normally affect the process: too broad scope, lack of resources to undertake such complex task, and the difficulty of justifying its existence if not linked to a formal written strategic plan.

2.6. LIMITATIONS OF THE LITERATURE AND IMPLICATIONS FOR THE STUDY

A shared view amongst environmental scanning researchers is that this activity is not in widespread use among business organisations and that it differs from one company to another (Olsen et al. 1994; West and Olsen 1989; Lenz and Engledow 1986; Jain 1984). On the other hand, the importance of environmental scanning in a company is normally inferred by the degree of integration of the scanning activities and their outcomes into the planning process (Fahey and King 1977). As a result, it can be said that to be successful, environmental scanning has to be an integral activity of the formal strategic planning process. However, according to Jain (1984), the effectiveness of strategic planning is also directly related to the environmental scanning capacity. This close link between environmental scanning and strategic planning has influenced the orientation of the research in this field. In fact, the majority of the authors try to justify the adoption of a formal environmental scanning process and the setting up of a scanning unit by the need to closely monitor the business environment to incorporate changes into the company's strategic plan (Jain 1984; Terry 1977). However, as not all companies have a formal written strategic plan this justification will no longer apply to those companies where strategy is
realised rather than intended (Mintzberg 1992). In these situations how will the environmental scanning activity be carried out and its existence justified?

Other studies (Fahey and King 1977; Aguilar 1967) identify different modes of scanning by different organisations, which led to the development of different scanning perspectives, namely the outside-in and inside-out approaches (Fahey and Narayanan 1986). The scanning perspectives are again developed with the incorporation of the information into the strategic plan in mind. However, nothing is mentioned about those companies who do not have a formal strategic plan. In these situations, how is the information resulting from scanning used by the companies?

The outcome of environmental scanning can per se be a very powerful tool for companies to understand current and potential changes in their business environment and it can also help managers foresee favourable and unfavourable influences and therefore develop appropriate strategies (Fahey and Narayanan 1986; Slattery and Olsen 1984). Despite the fact that the majority of authors contend that to succeed the activity of environmental scanning has to be linked to the formal planning process (Jain 1993 and 1984; Engledow and Lenz 1989; Fahey and King 1977), not all companies have a formal written strategic plan (Mintzberg 1994). As a consequence, in companies where strategies result from consistency in behaviour how will scanning activities be organised and undertaken? On the other hand, how can they be successfully organised if not linked to the formal strategic planning process?

Concurrently, it has been found that much of the scanning activities of managers is informal in nature (Fahey et al. 1983). According to Olsen et al. (1994), managers are too concerned with the short term and as a result they base their scanning activities on the operational environment ignoring other sectors of the general environment. The main reason for this behaviour, as put forward by Olsen et al., is the complexity of the scanning task if it is to cover both the operational and general environments, and also the resources and ability needed. West and Olsen (1989) also report the majority of the companies in their study as having an informal scanning process. Once again, no differentiation is given on how the scanning process differs between
companies where strategy is intended and those where strategy is realised. The question thus posed is: How do ‘intenders’ and ‘realizers’ differ in their approach to strategic planning and environmental scanning activities?

Another aspect raised by Olsen et al. (1992) is the lack of commitment from hospitality organisations towards environmental scanning. This lack of commitment results from several reasons given by hospitality managers. These are:

- time taken away from more tangible pursuits;
- not seen as an active problem solving activity;
- much of the information processed during scanning is difficult to evaluate quantitatively; and
- lack of human and financial resources to undertake a comprehensive scanning activity.

Having identified the main constraints affecting the development and adoption of a formal environmental scanning process, Olsen et al. do not go as far as to look for managers’ views on how this formal process could be designed. The reasons given by managers for not undertaking environmental scanning can be seen as the major barriers to a formal environmental scanning process. In order to overcome these barriers we need to know how the scanning task should be organised to make it relevant and usable by managers.

The research questions which this study addresses intend to deal with the limitations or shortcomings identified from the literature by trying to provide answers to those aspects not yet covered by past research. By understanding how ‘intenders’ and ‘realizers’ undertake environmental scanning and use this activity for their strategic planning and decision making, it will be possible to devise the necessary conditions for the development and implementation of a formal environmental scanning process.
2.7. RESEARCH QUESTIONS

This research addresses a number of issues which have not been covered by previous research and were even seen as limitations of prior studies on environmental scanning (West 1988). In fact, there is a clear gap in the literature regarding environmental scanning by companies where strategy is not intended but instead realised. On the other hand, the literature also lacks information on the conditions under which formal and informal planners may adopt and undertake formal environmental scanning. To address these issues the following research questions were developed.

**Question 1.** What are the similarities and differences between hotel chains operating in Portugal in respect of their strategic planning and environmental scanning activities?

**Question 2.** What is the relationship between strategic planning and environmental scanning amongst hotel chains who have a formal written strategic plan and those who do not have such formal written plan?

**Question 3.** What is the relevance and how should a formal environmental scanning process be organised so it could perform the information collection, analysis and usage activities to support strategic planning and decision making?

**Question 4.** What are the main barriers to such a formal environmental scanning process and how can they be overcome?

The research is initiated by exploring and describing the similarities and differences between hotel chains in terms of their strategic planning and environmental scanning activities (Question 1). To further explore the themes and their relationships as emerging from the analysis of the data, question 2 was raised. The inductive analysis of the data led to the development of questions 3 and 4 so as to address the relevance of a formal scanning process, and barriers and actions to overcome them. To answer
these questions the research strategy adopted was that of surveys, with an exploratory and descriptive focus. In the next chapter on methodology the methodological choices and stages of the research are described and explained.

2.8. CONCLUDING REMARKS

The strategic planning process encompasses certain concepts and characteristics which inform organisations' activities and contribute to their success. Strategy can be seen as the central concept, reflecting on organisations' objectives and actions for their achievement. Strategy can be intended or realised, according to the company's philosophy, and this will affect their approach to strategic planning and decision making. Other characteristics of the strategic planning process are essential for companies' activities and performance:

- the provision of a framework for long term detailed planning and for day-to-day decisions;
- an emphasis on the process of planning rather than on the production of a written document;
- a continuous, cyclical process which encourages the participation of all members of staff to be affected by the decisions made;
- a future oriented process requiring an analysis of the organisation's present and expected external environment, involving a longer time frame than other types of planning;
- an overall vision of the main purpose of the organisation and focus on high-priority activities;
- the provision of alternative courses of action which anticipate potential changes in the organisation or its environment;
- top-level activity in which top management must be actively involved.

These characteristics provide the conditions for the strategic planning process to be used by formal and informal planning hotel chains. By emphasising the process of
planning rather than the production of a written plan, its adequacy will be recognised
and its adoption facilitated.

By providing an overall vision of the main purpose of the organisation and focusing
on high-priority activities, it requires the provision of alternative courses of action
anticipating potential changes in the organisation or its environment. This can be
achieved through an environmental scanning process which will provide the relevant
information for decision making and strategic planning.

Environmental scanning, however, can be used for organisational development and
design and also for management education as suggested by Terry (1977). This
broader scope of the scanning process has other contributions to the organisation:

- the early identification of opportunities and signals of impending problems;
- information on the changing needs and wishes of customers;
- an objective, qualitative information about the environment;
- intellectual stimulation and assistance in strategic decision making;
- the development of strategic and tactical key issues
- a proactive rather than a reactive stance towards the environment.

What is really relevant is that besides allowing for the early identification of
opportunities and threats and providing information on customers, environmental
scanning can also provide intellectual stimulation and help in the development of a
proactive attitude towards the business environment. In assessing its importance for
organisations, it can be said that both companies who have a formal strategic
planning process and those where strategy is informal and realised, will benefit from
the adoption of a formal environmental scanning process.

In order to make sure that a formal scanning process will contribute to organisational
strategic activities the development of such process should take into account the
following aspects:
it should be deliberate and prospective;
- it should look for specific and broad ranging information;
- it should follow a pre-established plan, procedure or methodology;
- it should be proactive and planning process oriented;
- it should be an ongoing study of the business environment and not crisis initiated;
- there should be a high level of interaction between scanners and decision makers;
- there should be a clear definition of information needs and sources;
- participants should be selected and their role/scanning tasks clearly specified;
- means of storing, processing and disseminating information should be clearly defined.

Another relevant aspect in developing a formal scanning process is that it matches the organisations’ needs and resources. By taking an inside-out approach and precisely identifying the information needs, companies will be able to focus their attention on the relevant sources which will provide them with the strategic information they require.

By selecting those members of staff involved in the scanning process and assigning them with scanning tasks, some of the major limitations that normally affect the process (too broad scope, lack of resources to undertake such complex task, and the difficult justification for its existence if not linked to a formal written strategic plan), may be overcome.

To understand the strategic planning and environmental scanning activities of hotel chains operating in Portugal, this research addresses a set of questions which were used to inform the development of the questionnaires used in the various stages of fieldwork. The research strategy adopted was that of surveys, with an exploratory and descriptive focus. The methodological choices and stages of the research are described and explained in the following chapter on methodology.
CHAPTER 3 - METHODOLOGY

3.1. INTRODUCTION
3.2. RESEARCH AIMS
3.3. METHODOLOGICAL CONSIDERATIONS
   3.3.1. The quantitative versus qualitative debate
   3.3.2. Theory building in strategy
   3.3.3. Grounded theory methodology
   3.3.4. Cognitive mapping methodology
3.4. NECESSARY AND SUFFICIENT CONDITIONS
3.5. RESEARCH DESIGN
   3.5.1. Formulation of the research problem
   3.5.2. Review of related research
   3.5.3. Identification of research questions
   3.5.4. Selection of research design
   3.5.5. Selection of data collection techniques
   3.5.6. Selection of subjects
   3.5.7. Data collection stages and procedures
   3.5.8. Data analysis procedures
3.6. QUESTIONS OF VALIDITY AND RELIABILITY
3.7. PROFILE OF THE SAMPLE AND RESPONDENTS
3.8. CONCLUDING REMARKS
3.1. INTRODUCTION

The methodology chapter intends to address the key aspects and choices made during the course of the research. To locate the methodological choices in the context of the study the research aims and questions are first provided followed by a discussion of methodological considerations. Here, the ongoing discussion between quantitative versus qualitative approaches is presented and the position adopted in this study stated and justified. The methodologies of grounded theory and cognitive mapping as well as the underlying logic of necessary and sufficient conditions are also introduced and explained. A description of the sequence of steps taken in the research design follows. These encapsulate those steps ranging from the formulation of the research problem to the factors affecting the research design. Questions of validity and reliability affecting the research are addressed based on the alternative criteria for evaluating qualitative research developed by Lincoln and Guba (1985). Finally, a profile of the sample and respondents is provided so as to allow the findings to be put into context.

3.2. RESEARCH AIMS

As stated in the introductory chapter, this research addresses a number of issues which have not been covered by existing research and were considered to be limitations of previous studies on environmental scanning (West 1988). Other aspects which emerged from the data analysis and were regarded as relevant to the study were also explored and used to inform this research. The limitations of the secondary data as well as the emergent themes lead to the development of the research aims presented in Chapter 1, and given again below as a recap:

1. To explore and analyse the strategic planning and environmental scanning activities of hotel chains¹ operating in Portugal.

¹In the context of this research a hotel chain is considered as "... an organization that competes in the industry with more than one unit of like concept or theme. ... [either] locally, regionally, nationally, or internationally.", following Olsen, Tse and West's (1992, p. 172) definition of a multi-unit hospitality firm.
2. To analyse and critically evaluate the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic plan) and by those where strategy is realised (no existence of a formal written strategic plan).

3. To explore and assess the relevance and structure of a formal environmental scanning process to be adopted by hotel chains as well as the barriers to this process and possible actions to overcome them.

4. To identify and assess the necessary conditions for the development and implementation of a formal environmental scanning process in formal and informal planning hotel chains.

To achieve these aims four research questions were defined (see Chapter 2, p. 64), covering the following aspects:

- Similarities and differences between hotel chains operating in Portugal in respect of strategic planning and environmental scanning activities;
- The relationship between strategic planning and environmental scanning amongst formal (intenders) and informal (realisers) planning hotel chains;
- Relevance and structure of a formal environmental scanning process to perform the information collection, analysis and usage role for strategic planning and decision making; and
- Barriers to a formal environmental scanning process and actions to overcome them.

To address the research questions the strategy adopted was that of surveys (Robson 1993), with an exploratory and descriptive focus. The reasons for selecting this research strategy were twofold: First, to analyse and understand the strategic planning and environmental scanning activities by hotel chains operating in Portugal, as no previous studies on these areas were available. Second, to collect data necessary to allow the identification of the structure and barriers to the development of a formal environmental scanning process for hotel chains. Exploratory research, according to Phillips and Pugh (1994, p. 49), allows the study of a new
problem/issue/topic about which little is known and as a consequence "... the research idea cannot be formulated very well."

In order to provide a better understanding of the research strategy choices, the methodological considerations are now discussed.

3.3. METHODOLOGICAL CONSIDERATIONS

Robson (1993) argues that in selecting a research strategy the principle is that the strategy or strategies, and the methods or techniques employed should be appropriate for the questions we want to answer. However, this selection is not always as simple or straightforward as it seems. In fact, the choice of method, as seen by Bygrave (1989), is often fundamentally driven by the cultural background of the researcher. Some of the contingent aspects of carrying out research are finely put into perspective by Becker (1965, p. 602-3):

As every researcher knows there is more to doing research than is dreamt of in philosophies of science, and texts in methodology offer answers to only a fraction of the problems one encounters. The best laid research plans run up against unforeseen contingencies in the collection and analysis of data; the data one collects may prove to have little to do with the hypothesis one sets out to test; unexpected findings inspire new ideas. No matter how carefully one plans in advance, research is designed in the course of its execution. The finished monograph is the result of hundreds of decisions, large and small, made while the research is under way and our standard texts do not give us procedures and techniques for making those decisions. ... It is possible, after all, to reflect on one's difficulties and inspirations and see how they could be handled more rationally the next time around. In short one can be methodological about matters that earlier had been left to chance and improvisation and thus cut down the area of guesswork.

Gill and Johnson (1991) share the same view as Becker and argue that there are no ideal solutions when it comes to making research choices, but, instead, only a series of compromises. For these authors, the researcher faces a dilemma when it comes to the choice between research strategies, for:
... the experimental researcher is concerned primarily with precision, the survey methodologist with generality, the ethnographer with the character of the particular context and the action researcher with issues of utilization. To focus exclusively on the primary concerns of any of these strategies will necessarily limit the others. (1991, p. 146)

These authors conclude that all research approaches may have something to offer and that there is no independent form of evaluating different research strategies in any absolute terms. This perspective is substantiated by Morgan (1983, p. 380) when he states that:

... [we should] accept all research strategies as having something to offer but attempt to use their competing insights within the context of a single analysis ... learning from diversity by using conflict and debate as a means of exploring and expanding our understanding. Synthesis, if it emerges, only occurs at the final stage of the analysis in a form of understanding that attempts to recognise and yet go beyond original formulations of the problem and all the conflicts that these generate.

The reality of the research process as reported by these authors was confirmed in the context of this study. Even though the aims of the research and the research questions were taken into account in planning and selecting the research strategy, as the research developed the choice of procedures and techniques was influenced by the findings and contingencies of the research process. Before moving into the methodological choices, some other methodological aspects must be addressed, as these influence the whole approach of doing research in social sciences.

### 3.3.1. The quantitative versus qualitative debate

Olson (1996) considers the ongoing argument about quantitative versus qualitative research as clouded by two problems: first, the lack of coherent definitions, and second, the focus of most discussions on methods instead of on the basic assumptions of these two stances. The second problem he sees as the one at the root of the confusion as methods, in particular data gathering methods, are not necessarily linked with one set of assumptions as opposed to another.
Robson (1993, p. 303) shares Olson’s perspective and argues that some authors see quality and quantity as the fundamental dichotomy in social research, however, this distinction should be regarded primarily as technical as there are qualitative and quantitative data and “one has to deal with them in rather different ways”. There are authors whom, despite the ongoing discussion on which approach should be used (if qualitative or quantitative), have tried to combine the use of these approaches by highlighting the benefits of using a combined approach (Ragin 1987; Cook and Reichardt 1979). If we analyse how qualitative research differs from quantitative research the choice as to which one is more suited to our own needs is simplified. In fact, as Denzin and Lincoln (1994) argue, the choice of research practices is dependent upon the questions asked, and the questions depend on their context.

Patton (1990) provides a good discussion on the relative strengths and weaknesses of qualitative and quantitative methods. Qualitative methods, he argues, allow the researcher to study selected issues in depth and detail. The researcher approaches the fieldwork without the constraints of predetermined categories of analysis and this contributes to the depth, openness and detail of qualitative inquiry. In respect of quantitative methods, these “require the use of standardised measures so that the varying perspectives and experiences of people can be fit into a limited number of predetermined response categories to which numbers are assigned.” (Patton 1990, p. 14). The advantages of using a quantitative approach, he suggests, is that it is possible to measure the reactions of a great number of people to a limited set of questions, which facilitates comparison and statistical aggregation of the data. This, in turn, provides a “broad, generalizable set of findings presented succinctly and parsimoniously.” By contrast, the use of qualitative methods usually produces a wealth of detailed information about a much smaller number of people and cases. This, he contends, increases understanding of the cases and situations studied but reduces generalisability.

In the case of this research the central approach taken, qualitative, resulted from the aims and research questions being addressed. In fact, to provide the required answers and study the selected issues in depth and detail so producing the detailed
information needed to develop a formal environmental scanning process, a qualitative approach was seen as more adequate. On the other hand, the same approach was successfully used in previous studies on management research where similar issues were addressed (Jenkins 1994; Teare 1989; West 1988). However, in stages I and II of the field work, quantitative data were produced as the aim was to characterise the strategic planning and environmental scanning activities of hotel chains. Due to the types of analyses produced and its appropriateness in dealing with quantitative data, the software package SPSS was used in this stage. This allowed the production and analysis of frequencies and cross-tabulations which are useful for comparison purposes. Once the data from stages I and II were analysed and a profile of the hotel chains in terms of strategic planning and environmental scanning made, the emergent results were further explored. For the subsequent stages of the research, and with the intention of studying these issues in depth and detail, the collection and analysis of the data were carried out using grounded theory and cognitive mapping methodologies. An inductive approach was followed in order to move from "the 'plane' of observation of the empirical world to the construction of explanations and theories about what has been observed." (Gill and Johnson 1991, p. 33).

To allow an understanding of how theory can be developed, we will now briefly analyse the process of theory building in strategy.

3.3.2. Theory building in strategy

According to Seth and Thomas (1994), theory-building in strategy has typically followed an inductive and normative approach. These authors define the inductive method of theorising as the process of starting with highly warranted (or well agreed upon) observational statements about specific events and inferring a generalisation. From their viewpoint, observations are the very basis of the theory. The deductive method in its turn is seen by them as the process of using a set of assumptions to prove a theorem by some standard set of rules of inference. Seth and Thomas proposed that the initial observations in the deductive mode are used to provide a basis for speculation about the phenomenon. This is then followed by the
development of assumptions and the hypothetical model from which generalisations are deduced.

Gill and Johnson (1991) have similar views when they argue that in contrast to the deductive tradition where a conceptual and theoretical structure is developed prior to empirical research, theory is generated as an outcome of induction. They argue that the justification for taking an inductive approach in the social sciences tends to be centred around two related arguments. The first is based on the fact that for many researchers supporting an inductive approach, any explanations of social phenomena have little value if they are not grounded in observation and experience (Glaser and Strauss 1967). The second is related to the first and relies on the fundamental difference between the subject matter of the social sciences (human beings) and the subject matter of the natural sciences (animals and physical objects) from which the "covering law" of the deductive approach is derived. (Gill and Johnson 1991, p. 34).

One of the central issues of the discussion between deductive and inductive approaches is the fact that “the social world cannot be understood in terms of causal relationships that do not take account of the situation that human actions are based upon the actor’s interpretation of events, his or her social meanings, intentions, motives, attitudes and beliefs; i.e. human action is explainable only by understanding this subjective quality.” (Gill and Johnson 1991, p. 34).

The decision to adopt a qualitative/inductive approach was not so much influenced by the argument between qualitative and quantitative or inductive and deductive approaches, but rather based on the research objectives and the emergent findings. These called for a more holistic approach so that no relevant information would be ruled out by the definition of hypothesis for further testing. If the context of the research and the perceptions, attitudes and motives of the respondents for not adopting a formal environmental scanning process were not taking into account, sensitive information towards understanding the mechanisms behind this process would not be considered.
Within the qualitative tradition of research one of the methods used for theory building is that of grounded theory. This method developed by Glaser and Strauss (1967) which can be used for social units of any size, is based on the comparative analysis method, and consists of generating theory from data. Due to its characteristics this was the method selected to further explain and generate theory about the situation of strategic planning and environmental scanning in the Portuguese hotel sector.

The basic premises and developments of this method are now presented.

3.3.3. Grounded theory methodology

Derived from the work of Glaser and Strauss (1967) and later refined by Glaser (1978) and Strauss (1987), grounded theory is the discovery of theory from data and a method that provides us with relevant predictions, explanations, interpretations and applications. Despite the existence of more recent works by the same authors, the original published in 1967 is the one containing the philosophy and basic postulates of the theory and for that reason will be the core reference in the discussion that follows.

Grounded theory is derived from data and then illustrated by characteristic examples of data. Another interesting aspect of grounded theory is that in generating a theory from data most hypotheses and concepts not only come from the data, but are systematically worked out in relation to the data during the course of the research.

There is no fundamental clash between the purposes and capacities of qualitative and quantitative methods or data. If there is any clash this has to do with the primacy of emphasis on verification or generation of theory. These authors contend that each form of data is useful for both verification and generation of theory despite the primacy of emphasis. This depends only on the circumstances of research, on the interests and training of the researcher, and on the kinds of material needed for the theory to be developed.
The comparative analysis method can be used as a strategic method for generating theory. On the factual level, evidence collected from other comparative groups can be used to check out whether the initial evidence was correct. In discovering theory the researcher generates conceptual categories or their properties from evidence and then the evidence from which the category emerged is used to illustrate the concept. Glaser and Strauss admit that the evidence may not necessarily be accurate beyond a doubt but the concept is undoubtedly a relevant theoretical abstraction about what is going on in the area studied. Comparative studies can also be used to establish the generality of a fact. In this case, the accuracy is not as relevant as it is to establish the structural boundaries of a fact. Comparative studies are used to specify a unit of analysis for a one-case study which is done by specifying the dimensions of the concept designating the unit. According to Glaser and Strauss “When the analyst turns to theoretical concerns, evidence is invariably used as a test of his hypotheses - and thereby of the relevance of his categories; comparative data give the best test.” (1967, p. 26). Comparative analysis is also used for theory generation. The generation of theory through comparative analysis, however, subsumes and assumes verifications and accurate descriptions but only to the extent that the latter are in the service of generation.

**Generating theory**

Glaser and Strauss (1967, p. 29-30) contend that generating theory not only carries the same benefit as testing it but also provides an additional one. As they state:

> A grounded theory can be used as a fuller test of a logico-deductive theory pertaining to the same area by comparison of both theories than an accurate description used to verify a few prepositions would provide. Whether or not there is a previous speculative theory, discovery gives us a theory that ‘fits or works’ in a substantive or formal area ... since the theory has been derived from data, not deduced from logical assumptions.
It is also argued that, accurate evidence as well as the kind of evidence and the number of cases are not so crucial for generating theory. According to these authors a single case can indicate a general conceptual category or property and a few more cases can confirm the indication. The researchers' job is not to provide a perfect description of an area but to develop a theory that accounts for much of the relevant behaviour. Glaser and Strauss' strategy of comparative analysis for generating theory puts a high emphasis on theory as a process. This means that theory is seen as an ever-developing entity and not as a perfect product.

Substantive and formal theory
Comparative analysis can be used to generate two basic kinds of theories: substantive and formal. Substantive theories are those developed for a substantive or empirical area of inquiry whilst formal theories are those developed for a formal or conceptual area of inquiry. Both types of theory exist on distinguishable levels of generality differing only in terms of degree. However, Glaser and Strauss recommend that the researcher should focus clearly on one level or other, or on a specific combination because the strategies for arriving at each one vary. Regardless of the approach selected both substantive and formal theories must be grounded in data.

The approach used in grounded theory is that of allowing substantive concepts and hypotheses to emerge first, on their own, so enabling the researcher to ascertain which, if any, existing formal theory may help him generate his substantive theory. By taking this approach the researcher "can be more faithful to his data, rather than forcing it to fit a theory." (p. 34). This will allow him to be more objective and less theoretically biased. As a result, substantive theory will help to generate new grounded formal theories and to reformulate previously established ones.

Elements of the theory
The elements of theory that are generated by comparative analysis are, first, conceptual categories and their conceptual properties; and second, hypotheses or generalised relations among the categories and their properties. Categories and properties can be seen as the two elements of theory. A category stands by itself as a
conceptual element of the theory. On the other hand, a property can be seen as a conceptual aspect or element of a category. Both categories and properties are concepts indicated by the data and not the data itself, and both vary in degree of conceptual abstraction. To further clarify this idea Glaser and Strauss state that "conceptual categories and properties have a life apart from the evidence that gave rise to them." (1967, p. 36).

Similarities and differences between groups are found by constant comparison. These similarities and differences allow the generation of abstract categories and their properties. As these emerge from the data they will be important to a theory, explaining the kind of behaviour under observation. It is also possible to use categories from existing theory, providing that "the data are continually studied to make certain that the categories fit, generating theory does put a premium on emergent conceptualizations." (p. 36-7). From Glaser and Strauss’ experience, however, emergent categories usually prove to be the most relevant and the best fitted to the data. As they explain:

As they [categories] are emerging, their fullest possible generality and meaning are continually being developed and checked for relevance. ... By contrast, when we try to fit a category from another theory to the situation under study, we can have much trouble in finding indicators ... [and ] The result is that our forcing of “round data” into “square categories” is buttressed by a long justificatory explanation for the tentative relationship between the two. (p. 37).

Their focus on the emergence of categories solves the problems of fit, relevance, forcing and richness. On the other hand, similarities and convergences with the literature can be established after the analytic core of categories has emerged.

The other elements of the theory as defined by Glaser and Strauss are the hypotheses. As they stress, the comparison of differences and similarities among groups not only generates categories but also generalised relations among them. When first generated these hypotheses have the status of suggested, not tested, relations among categories
and their properties, even though they are verified as much as possible during the research process. The generation of hypotheses requires evidence enough only to establish a suggestion and not "an excessive piling up of evidence to establish a proof, and the consequent hindering of the generation of hypotheses." (p. 40). As they further explain, the hypotheses may seem unrelated at the beginning, however, as the categories and properties emerge and become related, "their accumulating interrelations form an integrated central theoretical framework - the core of the emerging theory." The core then becomes a theoretical guide to further collecting and analysing the data.

Analysis of data

According to Riley (1996), the flexibility of grounded theory lies in the systematic analysis of many data forms such as interviews, observations and written documents. Riley stresses that additional flexibility is possible through the formulation and reformulation of theory to accept all variations of analysed data.

The analysis and collection of data are concurrent activities and theories or concepts are developed through constant comparison between past analyses and the new data being analysed (Riley 1996). The further collection of data is guided by what Strauss and Corbin (1990) call 'theoretical sampling', this being the process by which simultaneous codification and analysis directs the researcher into subsequent phases of data collection. Sampling is designed to allow the researcher to gain enough information to achieve 'theoretical saturation' (Glaser and Strauss 1967). According to Glaser and Strauss, theoretical saturation is achieved when the analysis of data reveals findings which are conceptually similar and repetitive. What happens in this process is that the theory or concepts are built to saturation through an iterative analytical process (Strauss and Corbin 1994).

As argued by the creators of the grounded theory approach, a grounded theory must correspond closely to the data if it is to be applied in daily situations (Glaser and Strauss 1967). Strauss and Corbin (1994, p. 281) see this "faithfulness to the substantive data, this 'fit' to a substantive area, ... [as] a powerful condition for
usefulness in the practical life of a theory. Its usefulness can be a matter of ‘understanding’ as well as of direct application.”

The grounded theory approach has been effectively used in a wide range of research contexts, for example: problem construction in organisations (Sims 1978), consumer decision making (Teare 1989), organisational change (Orlikowski 1993), and education of hospital nurses (Gregory 1994). The reasons for its adoption in this research are the following:

- Grounded theory is an inductive theory generating methodology which allows the development of theoretical explanations of real situations, while at the same time, grounding these explanations in empirical observations of data (Strauss 1987). The theory generation approach seemed particularly useful in this study given the fact that no theory exists on how ‘intenders’ and ‘realizers’ hotel chains compare in terms of strategic planning and environmental scanning activities.

- With grounded theory it is possible to include the complexities of the organisational context (Strauss and Corbin 1990). By using this research approach it was possible to take into account the surrounding contexts involving organisations’ strategic planning and environmental scanning activities, rather than simplifying or ignoring them.

- Grounded theory facilitates the generation of theories of processes, sequences and change pertaining to organisations, positions, and social interaction (Glaser and Strauss 1967). As reflected in the review of the literature, the adoption of a formal environmental scanning process is not a simple managerial decision. This, in turn, makes appropriate the use of a research approach which can help highlight the elements of process and change required for a successful implementation of such a formal scanning process.

These characteristics of grounded theory, induction, contextual, and processual, serve the purpose of the research, descriptive and exploratory, by allowing the
development of a context-based, process-oriented description and explanation of the phenomena of strategic planning and environmental scanning amongst the hotel chains operating in Portugal. This choice can be confronted with a more objective and static description based essentially in aspects of causality, which would be less suitable to the aims of this research.

In adopting a grounded theory approach the aim was to generate a descriptive and explanatory theory of the strategic planning and environmental scanning activities of the hotel chains operating in Portugal. Data was collected and analysed allowing this aim to be achieved. However, some additional information came out from the study which did not exactly fit under the categories and properties developed but still, represented some relevant findings. Due to the characteristics of these findings, respondents’ beliefs and perceptions on the relevance of a formal environmental scanning process and its possible structure, it was felt appropriate to further explore the data with the intention of representing these beliefs and perceptions in a clearer way. To this end, cognitive mapping methodology was employed to represent respondents’ beliefs in a diagrammatic form (Jones 1985). This methodology has been developed and successfully used in action research as a tool to explore and work on the thinking of respondents about a particular problem (Jenkins 1995; Eden et al. 1983). To provide a better understanding of this methodology and its appropriateness for this study, a review of its major components is now provided.

3.3.4. Cognitive mapping methodology

Fiol and Huff (1992, p. 267) define cognitive maps as “graphic representations that locate people in relation to their information environments.” According to these authors, maps also provide a frame of reference for what is known and believed.

The term cognitive mapping was developed by Tolman (1948), who, based on the concept of field theory created an alternative to the stimulus-response models of human behaviour. According to Jenkins (1994), field theory asserts that individuals create fields or maps in order to understand and anticipate their environment. These
ideas have since been developed and applied to the management field through the generation of different cognitive theories which seek to explain how individuals make sense of their world (Jenkins 1994).

Huff (1994) considers the existence of five generic ‘families’ of maps that tend to fall along a continuum demanding increasing interpretive input from the researcher. The families of maps are the following, in increasing order of interpretive input from the researcher.

1. Maps that assess attention, association and importance of concepts (e.g. content analysis)
2. Maps that show dimensions of categories and cognitive taxonomies (e.g. repertory grid and categoric analysis)
3. Maps that show influence, causality and system dynamics (e.g. network analysis)
4. Maps that show the structure of argument and conclusion (e.g. protocol analysis)
5. Maps that specify schemas, frames and perceptual codes (e.g. semiotics)

The boundaries between each approach are somewhat permeable, as Huff argues, and in practice researchers often use more than one approach to mapping. In the case of this research the mapping choice used was that of causal mapping, corresponding to the third family presented by Huff. In order to understand the relevance of a formal environmental scanning process and its possible structure, the causal interactions of the different aspects impacting on the development of such a process were regarded as important. Causal maps have been widely used in management research, particularly in aspects of development of subjective strategies (Jenkins 1995), organisational change (Narayanan and Fahey 1994), organisational issues (Eden 1988), and decision making (Axelrod 1976).

Jenkins (1994) argues that causality is one type of cognitive relationship, but one which has proved popular in the research of strategic management. He writes that:
In the context of understanding decision making causality provides a potentially higher level of procedural knowledge (how it works or how to do it) than other sets of relationships, such as association, constructs or categories. In addition the output it creates is relatively robust and parsimonious, this is in contrast to the complex frameworks of argument maps and schemata which rely on high levels of interpretative input from the researcher in order to create the final map. (1994, p. 3-4).

Mapping

Once collected the data have to be coded so that maps can be produced (Jones 1985). The process of mapping involves the transformation of the coded data into the subsequent map which can be a potentially complex operation (Jenkins 1994). However, this should not be a reason for researchers restricting their approach as Jenkins notes:

"The methodological issues are that the map captures as much of the data which represents the individual’s view as possible (content validity) and does not introduce systematic error in doing this (reliability). It is the potential complexity and potential difficulties of this stage which cause many researchers to use a more restricted approach in the surfacing phase, such as limiting the respondent to a priori variables. It is the author’s view that causal mapping is concerned with capturing the richness and idiosyncrasies which other research approaches often attempt to remove. The price of this view is that the mapping stage is potentially time consuming and labour intensive, this is preferable to much of this activity being forced into the interview process with a subsequent effect on respondent access and motivation. (1994, p. 27-28).

The mapping procedure involves listening and exploring beyond the surface of the words used by the individual in an interview to describe their interpretations of events (Teare 1989). Teare further argues that the purpose of the map is to represent a person’s thinking and theorising about a part of their world, using their own language and by depicting constructs or ideas and their interrelationships in their terms.

In mapping interviews or documentary data the guidelines proposed by Ackerman et al. (1992) can be followed:
Guideline 1
Separate the sentences into distinct phrases. These phrases are likely to be no more than about 10-12 words.

Guideline 2
Build up the hierarchy. Placing the goals at the top of the map and supporting these first with strategic direction type of concepts and further on with potential options.

Guideline 3
Watch out for goals. These will end up at the top of the map - the most superordinate concepts.

Guideline 4
Watch out for potential 'strategic issues' by noting those concepts that have some or all of the following characteristics: long term implications, high cost, irreversible, need a portfolio of actions to make them happen, may require a change in culture. They often form a flat hierarchy themselves but will be linked to Goals (above) and Potential Options (below).

Guideline 5
Look for opposite poles. These clarify the meaning of concepts. Contrasting poles may be added to the concept later on in the interview when they are mentioned.

Guideline 6
Add meaning to the concepts by placing the concepts in the imperative form and where possible including actors and actions. Through this action perspective the model becomes more dynamic.

Guideline 7
Retain ownership by not abbreviating but rather keeping the words and phrases used by the problem owner.
Guideline 8

Identify the option and outcome within each pair of concepts. This provides the direction of the arrow linking concepts. Alternatively think of the concepts as a ‘means’ leading to a ‘desired end’.

Guideline 9

Ensure that a generic concept is superordinate to specific items that contribute to it. Generic concepts are those for which there may be more than one specific means of achieving it. This follows Guideline 8 and helps ensure a consistent approach to building the data into a hierarchy.

Guideline 10

It is generally helpful to code the first pole as that which the problem owner sees as the primary idea (usually this is the idea first stated). The first poles of a concept tend to stand out on reading a map. A consequence is that links may be negative even though it would be possible to transpose the two poles in order to keep links positive.

These guidelines proposed by Ackerman et al. can be seen as very helpful as they provide orientation for the selection of the relevant concepts as well as how the data can be built into a hierarchy. These were also the guidelines followed in the production of the maps presented in Chapter 6 (for more details on the mapping procedures using Graphics COPE see Appendix F).

Analysis of maps

In order to achieve a more detailed assessment of the maps these are developed using the Graphics COPE software (Ackerman 1992). COPE allows maps to be visually represented and analysed on the computer. Besides the visual representation, COPE also allows for the structural analysis of the maps, and permits the grouping of concepts within the maps into sets.

Finally, Huff (1994) suggests the use of the cognitive approach or mapping methods not as substitutes for other methodologies, but as additional sources of insight into
organisational strategy, which is in accordance to their use in the context of the present study.

3.4. NECESSARY AND SUFFICIENT CONDITIONS

One of the aims of this research was to identify the necessary conditions for the development and implementation of a formal environmental scanning process by formal and informal planning hotel chains. The review of the literature demonstrated that the importance and success of the environmental scanning activity depended on its link to the strategic planning process. However, initial findings of this research revealed that the degree of environmental scanning and its success as a formal and ongoing activity (continuous formal environmental scanning) were not guaranteed by the existence of a formal written strategic plan in the company.

According to Hughes (1992, p. 61), a special kind of ambiguity can arise when talking about the conditions that have to be met in order for something to occur. As seen by Hughes, referring to such conditions is common when we are talking about the causes (i.e., the causal conditions) of certain events, and also when we are talking about entitlements or justifications for certain actions. As he proposes, it seems that all we need to do is to list the conditions that, if they existed, would lead to the expected events. However, the relationship between conditions and what they are conditions for are often more complex than they seem (Hughes 1992). In order to clarify these relationships philosophers and scientists have developed a distinction between two types of conditions, necessary conditions and sufficient conditions. A necessary condition is defined as follows:

X is a necessary condition for Y if, and only if, when X is false Y must also be false (or, when X is absent Y cannot occur). In other words, a necessary condition for Y is something whose absence prevents Y, but whose presence does not guarantee Y. This yields a simple test for the truth of a necessary-condition statement: look for an instance of Y that is not also an X. If we can find one such case then the statement must be false, since we have discovered an instance where X is not a necessary condition for Y. If we cannot find such a case then we should accept the statement. (Hughes 1992, p. 62).
A sufficient condition is quite different from a necessary condition and can be defined as follows:

\[ X \text{ is a sufficient condition for } Y \text{ if, and only if, when } X \text{ is true } Y \text{ must also be true (or, when } X \text{ is present } Y \text{ must occur). In other words, a sufficient condition for } Y \text{ is something whose presence guarantees } Y, \text{ but whose absence does not prevent } Y. \text{ This yields a simple test for the truth of a sufficient-condition statement: look for an instance of } X \text{ that is not also a } Y. \text{ If we can find one such case then the statement must be false, since we have discovered an instance where } X \text{ is not a sufficient condition for } Y. \text{ If we can find no such case then we should accept the statement. (Hughes 1992, p. 62).} \]

According to Hughes, the difference between a necessary and a sufficient condition for some \( Y \) is that a necessary condition is something whose presence guarantees that \( Y \) is true or will occur.

As Hughes contends, sometimes we need several different necessary conditions for something to happen. Whenever we can list all the necessary conditions for something we will have listed the conditions that are jointly sufficient conditions. In a similar way, we can sometimes find two or more different sufficient conditions for something. If only one is present it is sufficient for the event to occur.

Hughes considers that, when dealing with causes, necessary and sufficient conditions work in the same way. When scientists search for a full account of the causes of phenomena, they are looking for the conditions that are individually necessary and jointly sufficient. Often, however, a partial account of the causes of something is all we need when our interest is in controlling some phenomenon. If we want to prevent something from happening we don’t need a full account of its causal conditions, since if we can eliminate one necessary condition then we can prevent the event from occurring. On the other hand, if we want to produce a certain effect, all we need to do is to find one (or one set) of its sufficient conditions that we can apply.

In the context of this research the necessary conditions for the development and implementation of a formal environmental scanning process were those identified in Chapter 7, section 7.3.5. This was done based on previous research and the respondents’ views. The ideal situation would be to identify both the necessary and
sufficient conditions but due to financial, time and access limitations this was not possible. A set of conditions would have to be identified and tested so that it could be possible to say that they were sufficient for the existence of a formal environmental scanning process. Thus, the non-identification of the sufficient conditions for formal environmental scanning process can be seen as one of the limitations of this study.

3.5. RESEARCH DESIGN

Pizam (1994, p. 97) defines research design as "... a form of a carefully developed and controlled plan to carry the research investigation". In this plan it is indicated what steps will be taken and their sequence. Its purpose is to ensure that the study will be relevant to the problem under investigation and that economic procedures are employed. Pizam considers the planning of the research process as composed of eight main steps:

1. Formulation of the research problem
2. Review of the related research
3. Clarification of concepts, identification of variables and statement of hypothesis
4. Selection of research design
5. Selection of data collection techniques
6. Selection of subjects
7. Planning of data coding
8. Planning of data analysis

These steps were initially followed in the planning of this research although they were later adapted to encompass the specificities of the area of study and the contingencies of the research process (see Figure 3.1 for details). Each of the steps taken and shown in Figure 3.1 are now analysed and the choices of methodologies and techniques made along the process explained.
Figure 3.1. Stages of the research process

1. Formulation of research problem

2. Review of related research
3. Identification of research questions
4. Selection of research design

Exploratory

Surveys

Descriptive

5. Selection of data collection techniques

Questionnaires

6. Selection of subjects

Direct communication

Interviews

Census (Stage I)

7a. Data collection (Postal questionnaire)

8a. Data analysis (Descriptive)

Implications for further research

Convenience sample (Stage II)

7b. Data collection (Interviews)

8b. Data analysis (Descriptive / theory generating)

Implications for further research

Theoretical sampling (Stage III)

7c. Data collection (Interviews)

8c. Data analysis (Theoretical saturation and causal mapping)

Implications for further research

Theoretical sampling / census (Stage IV)

7a. Data collection (Postal questionnaire)

Theoretical sampling / census (Stage IV)

No analysis due to very low response rate

Environmental scanning process model

Implications for further research
3.5.1. Formulation of the research problem

The identification and selection of a research topic is the starting point of every research investigation (Pizam 1994). According to Pizam, this research topic may be suggested by some practical concern or by some scientific or intellectual interest. In terms of the practical concerns that could be used as topics for research Pizam divides them into three categories:

- Provision of information for decision making on the need for some new enlarged facilities or services;
- Provision of information concerning the probable consequences of various courses of action for deciding among proposed alternatives;
- Prediction of some future course of events in order to plan appropriate action.

In respect of topics suggested by scientific or intellectual interests Pizam considers the following:

- From a concern with some social problem;
- From an interest in some general theme or area of behaviour;
- From some body of theory.

Singleton et al. (1993) present some other factors affecting topic selection such as the structure and state of the scientific discipline, social problems, personal values of the researcher, social premiums, and practical considerations. Singleton et al. regard any of these factors as having the potential to affect the choice of any given research topic.

In the case of this research the selection of the research topic was dictated by practical, scientific and intellectual interests as well as personal values. In terms of practical interests, in the course of his professional career the researcher always faced problems in finding the information needed for his activity. As a result, decisions were always affected by the type and quality of the information available.
In respect of scientific and intellectual interests, having always worked in industrial organisations before moving into academia, the researcher was deeply interested in studying service organisations in order to evaluate the situation of information collection and its usage in decision making and planning. The choice of the hotel sector derived from its importance for the Portuguese economy.

The relevance of personal values for topic selection is recognised by Singleton et al. (1993) who state that the topic may be chosen because it is considered theoretically important or researchable but also because it is of interest to the researcher. Having witnessed many situations outside the hospitality industry where planning and decision making by senior managers were conducted essentially on a 'gut feeling basis', it was the intention to explore if similar situations occurred in this industry.

Despite the variety of factors affecting the selection of topics for research, the formulation of a scientific problem that can be investigated is the necessary step to take before decisions on research strategies, methods and techniques are made (Pizam 1994). According to Singleton et al. (1993), once chosen, the research topic has to be stated in researchable terms which involves translating the topic into one or more clearly defined, specific questions or problems that are possible to be researched. From their viewpoint, formulating a researchable problem or question has to do with deciding what relationships among what variables are to be studied and in order to get to this stage a literature review is usually conducted.

3.5.2. Review of related research

As Pizam argues (1994), no study starts de novo, but on the contrary, each study rests on earlier ones and provides a basis for future ones. The reason for doing a literature review is to make clear the theoretical context of the problem under investigation and how this has been studied by other researchers (Singleton et al. 1993).
In the context of the present study the relevant literature on strategic planning and environmental scanning as well as the available information on the Portuguese hotel sector were reviewed. Following the advice given by Singleton et al., the major concern was to analyse key studies and highlight the major findings rather than to try to report every study on the strategic planning and environmental scanning relationship.

3.5.3. Identification of research questions

Robson (1993) argues that there is no foolproof, automatic way of generating research questions. He considers that, while the logical sequence follows from deciding on a general research focus and then refining it down into relatively specific research questions, things may not always happen this way. According to Easterby-Smith et al. (1991), some authors contend that the existing literature and research findings should be reviewed, gaps and inconsistencies in the state of the art identified and then the experiments designed so that data can be collected to allow existing ideas to be tested further, or cover evident gaps in knowledge and theory. Other researchers, as stated by these authors, accept the idea that some of the most significant advances come about haphazardly and not through a steady accumulation of data and evidence. As examples, Easterby-Smith et al. provide the cases of Einstein, Taylor and Dalton.

Robson (1993) also suggests that being really familiar with the area of the research focus is of great help, whilst Easterby-Smith et al. (1991) accept that past experience is likely to determine what the researcher is interested in, and also his or her ability to identify phenomena and questions as being significant.

In the context of this study two groups of questions were developed. In the initial exploratory stages (stages I and II in Figure 3.1), the questions were developed following a thorough literature review with the questions constructed with the aim of confirming some of the aspects identified and searching for answers on those aspects not yet covered. Once the data collected from these stages were analysed the research
followed an inductive approach where the questions were developed from the themes emerging from the data. The research design and approaches are now presented and discussed.

3.5.4. Selection of research design

According to Robson (1993, p. 38), “Design is concerned with turning research questions into projects.” The general principle, as he argues, is that the research strategy or strategies, and the methods or techniques used have to be appropriate for the questions we want to answer. This, in turn, brings us to the purpose of the research which can be categorised according to three major types: exploratory, descriptive, and causal or explanatory (Pizam 1994; Robson 1993; Singleton et al. 1993).

Exploratory research is used to clarify the characteristics of the research problem, to discover ideas and insights, to assess phenomena in a new light, and it is usually, but not necessarily, qualitative (Pizam 1994; Robson 1993). Pizam sees exploratory studies as usually flexible enough to allow the consideration of all aspects of the research problem. Another distinctive feature of exploratory research is that in comparison with descriptive or causal designs, it seeks relations rather than the prediction of relations (Pizam 1994). Descriptive research is used when the objective is systematic and accurate description of facts and profiles of persons, events or situations. The subjects of interest are investigated as they exist naturally and it may be qualitative and/or quantitative (Pizam 1994; Robson 1993). Causal or explanatory research seeks an explanation of a situation or problem, usually in the form of causal relationships and it may be qualitative and/or quantitative (Robson 1993).

Once the purpose of the research has been established it can help in selecting the research strategy which is defined by Robson as “The general approach taken in an enquiry” (1993, p. 40). According to Robson, research strategies have been classified in many different ways but we may adopt a simple approach which is widely used
and distinguishes between three main strategies: experiments, surveys, and case studies. Their characteristics are summarised by Robson in the following way:

1. **Experiment**: measuring the effects of manipulating one variable on another variable.

   Typical features: selection of samples of individuals from known populations; allocation of samples to different experimental conditions; introduction of planned change on one or more variables; measurement on small number of variables; control of other variables; usually involves hypothesis testing.

2. **Survey**: collection of information in standardized form from groups of people.

   Typical features: selection of samples of individuals from known populations; collection of relatively small amount of data in standardized form from each individual; usually employs questionnaire or structured interview.

3. **Case study**: development of detailed, intensive knowledge about a single 'case', or of a small number of related 'cases'.

   Typical features: selection of a single case (or a small number of related cases) of a situation, individual or group of interest or concern; study of the case in its context; collection of information via a range of data collection techniques including observation, interview and documentary analysis. (1993, p. 40)

Robson concludes by saying that these traditional strategies represent different ways of collecting and analysing empirical evidence but that each of them can be used for any or all of the three purposes of research (exploratory, descriptive and causal).

In the case of this study the central aim was to understand and explain the relationship between strategic planning and environmental scanning by formal and informal planning hotel chains and to look for the relevance and structure of a formal environmental scanning process to be adopted by these companies. As a result, a descriptive and exploratory approach was taken with the purpose of achieving the following objectives:
• to make an accurate profile of the respondents
  ◦ position in company
  ◦ time in position
  ◦ academic and professional background
  ◦ planning and scanning activities

• to make an accurate profile of the chains in terms of:
  ◦ ownership
  ◦ type of management
  ◦ size
  ◦ segments of operation
  ◦ management structure
  ◦ scanning and planning activities

• to clarify the scanning and planning characteristics of the hotel chains;
• to assess scanning activities in the light of formal and informal planning hotel chains (intenders and realisers);
• to seek rather than to predict relations between strategic planning and environmental scanning;
• to discover respondents' ideas and insights on the relevance of a formal environmental scanning process and its ideal structure.

Following Pizam (1994) and Robson (1993) views, descriptive and exploratory research designs would be best suited for these type of research as opposed to explanatory designs as these are more suited for explaining problems in the form of causal relationships. Taking into account the characteristics of the study and having selected the research purpose, it was decided that a survey research strategy would be the most adequate to achieve the defined objectives.

Survey strategies allow the collection of information in standardised form from groups of people (Robson 1993) and can also be used to explore a substantive area allowing the collection of data in an inductive form (Gill and Johnson 1991). In fact, as argued by Gill and Johnson, survey research may begin with an unstructured and exploratory investigation allowing the theory to develop inductively (with induction
meaning the construction of explanations and theories about what has been observed as opposed to deduction consisting of developing conceptual and theoretical structures prior to their testing through empirical observation). In situations where no previous theory exists, as is the case with environmental scanning by informal planners, the outcomes of the research may be to develop explanatory theory which allows an understanding of aspects of management activities (Strauss and Corbin 1994).

Other reasons for choosing the survey strategy had to do with the following aspects, also seen by Pizam (1994) and Robson (1993) as advantages of this type of strategy:

- provision of a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives;
- possible to adapt to collect generalisable information from almost any human population;
- flexibility in choosing data collection techniques (postal questionnaires, interviews, etc.);
- postal surveys allow the collection of large amounts of data at a relatively low cost, in a short period of time;
- interview surveys allow the interviewer to clarify questions;
- the presence of the interviewer encourages participation and involvement.

As highlighted by the review of the literature, some of the problems affecting formal scanning activities had to do with managers attitudes, beliefs and motives concerning the outcome of such activities. As a consequence, it seems appropriate to use a research strategy which is highly suited to address such aspects. It was also expected that one of the outcomes of this study would be to extrapolate the findings to more general situations of environmental scanning by hotel chains. To that end, the research strategy adopted should allow the collection of generalisable information.

The flexibility in choosing data collection techniques allowed by survey, with postal surveys allowing the collection of large amounts of data at a relatively low cost, in a
short period of time, and the interview surveys allowing the clarification of questions, with the presence of the interviewer to encourage participation and involvement, constituted positive factors towards the selection of the research strategy.

As with any other type of research strategy, surveys also have some limitations or weaknesses that should be taken into account in the designing phase (Pizam 1994; Robson 1993). According to these authors, they can be summarised as follows:

- shallow penetration;
- data are affected by the characteristics of the respondents;
- respondents will not necessarily report their beliefs and attitudes accurately (attitudes may change frequently and may be affected by many exogenous variables);
- postal surveys:
  - usually have a low response rate, and if we do not know the characteristics of no-respondents we also do not know if the sample is representative;
  - ambiguities in, and misunderstandings of, the survey questions may not be detected;
- in interview surveys:
  - data may be affected by characteristics of the interviewer (their motivations, personality, skills and experience);
  - data may be affected by interactions of interviewer/respondent characteristics;
  - respondents may feel their answers are not anonymous and be less forthcoming or open;
- lack of rigid control measures.

In the context of the present study, several actions were taken to address these limitations. In trying to achieve depth of penetration the initial design was later complemented by the adoption of two other methodological approaches namely, grounded theory and cognitive mapping approaches. Grounded theory is a "... general
methodology for developing theory that is grounded in data systematically gathered and analyzed.” (Strauss and Corbin 1994, p. 273). The use of grounded theory allowed the exploration of the main themes emerging from the descriptive survey and guided the collection of further data to saturate the categories developed from the existing data. Cognitive mapping is a methodology consisting of graphic representations that locate people in relation to their information environments and which provides a frame of reference for what is known and believed (Fiol and Huff 1992).

In terms of the characteristics of the respondents, instead of trying to rule them out, these were taken into account and addressed in the context of the study. According to Gill and Johnson (1991, p. 126), by following an interpretative approach, as opposed to a positivist approach to research, it is possible to “... understand how people make sense of their worlds, with human action being conceived as purposive and meaningful rather than externally determined by social structures, drives, the environment or economic stimuli.” However, the external factors impacting on human action were also considered and to that end different kinds of complementary data were collected. What the researcher tried to achieve was some methodological pluralism so as to overcome the limitations of the different methods used (Gill and Johnson 1991). The use of methodological triangulation, as stated by Gill and Johnson, is thought to overcome the bias inherent in a single method approach.

In the postal survey, reminder letters were sent to increase the response rate achieved (46.6%). In subsequent stages of the research in-depth interviews were then adopted allowing the explanation of potential doubts about the questions being asked. All interviews were taped to make sure that no relevant data would be missing.

Other limitations of the research strategy chosen are addressed in the next section on the selection of the data collection techniques. These were selected taking into account the production of reliable evidence that is relevant to the research questions.
3.5.5. Selection of data collection techniques

From the most commonly referred means of collecting data, observation, direct communication and secondary sources (Pizam 1994), direct communication was the means chosen for this study. According to Pizam, the category of direct communication encompasses three specific techniques: questionnaires, interviews and projective methods. Due to the purpose of the study, the research strategy adopted and the research questions being addressed, it was decided that the most adequate techniques to use in this context would be questionnaires and interviews. Some of the advantages of using questionnaires are: the relatively low cost, possible to be administered to a large number of respondents simultaneously, can be sent through the mail, enabling standardisation and uniformity (Pizam 1994). The main disadvantages of questionnaires, low response rate and lack of control over the research setting, were tackled by the use of in-depth interviews with the same respondents from the postal questionnaire. The use of in-depth interviews as the major mean of data collection in this study allowed a good response rate (46.6%), greater depth and probing, spontaneity and the revelation of information about respondents perceptions and feelings. These are seen by Pizam (1994) and Singleton et al. (1993) as the main advantages in using face-to-face interviews. However, the use of this data collection technique also had some disadvantages with cost being the main one (this is seen by the same authors as the main disadvantage of face-to-face interviews). As the area of study was the Portuguese multi-unit hotel sector, the interviews were conducted in Portugal, with the respondents located throughout the country. A second disadvantage of this technique was the fact that the interviews were conducted in Portuguese and then had to be translated into English which proved very time consuming to make sure that every comment was being understood and translated (all interviews were taped to avoid losing any relevant data).

Despite the limitations described, the data collection techniques used were the most appropriate to research the subjects involved in the study and proved very fruitful in dealing with the research questions. To further highlight the adequacy of the data
collection techniques to the sample in the study, the selection of subjects is now presented and explained.

3.5.6. Selection of subjects

The next step after the data collection techniques have been chosen is to select the subjects from whom the data will be collected (Pizam 1994). There are two ways of collecting these data according to Pizam. We can either study all elements within the population (census), or collect data from just a portion of that population by taking a sample of it. The study of the whole population is seen as the ideal situation, however, as it is often impossible or not feasible to do this, the solution or alternative is to study a sample of the population. As this study had four different stages of data collection, different subjects were involved.

Stage I - Census - In the first stage of data collection, postal questionnaires, the whole population of the hotel chains operating in Portugal was covered. This decision was taken as a result of the small size of the population (30 hotel chains), and also because the researcher wanted to cover as many organisations as possible so that generalisation could be better sustained. To improve the response rate a reminder letter was sent and as a result, 16 answers were received from which 14 were usable. The other two organisations were operating only one hotel unit at the date when the questionnaire was answered so they did not qualify as hotel chains in the context of this study (hotel chain is considered as an organisation that operates more than one unit of like concept or theme). The 14 hotel chains which answered were contacted and agreed to participate in the subsequent stages of the study. These 14 hotel chains represent a sector wide sample of organisations and a high proportion of the Portuguese hotel population.

Stage II - Convenience sample - In the second stage of data collection, consisting of face-to-face interviews with the 14 hotel chains, the sample was selected through convenience sampling (Pizam 1994). However, and due to some randomness involved, as all those chains willing to participate were included in the sample, it
may also be considered as an accidental sample (Robson 1993). The size of the sample (almost fifty percent of the population), the fact that it includes all those chains willing to participate (all had the same opportunity), and the location of the chains involved (major representative centres of business and tourism: Algarve, Lisbon, Oporto and Póvoa do Varzim), contribute to minimise the main weaknesses associated with this type of sampling procedure. This can be seen as: low representativeness of the sample and the investigator choosing the closest units as respondents (Pizam 1994).

**Stage III - Theoretical sampling** - In the third stage of data collection, consisting of face-to-face interviews with 11 hotel chains and conducted to clarify the themes emerging from the data so that emerging categories could be saturated (grounded theory methodology), the sampling procedure was theoretical sampling. This consists of sampling directed by the evolving theory and is harnessed to the making of comparisons between and among samples of incidents, events, activities, populations, etc. (Strauss 1987). Robson (1993) considers this type of sampling as purposive sampling where the principle of selection is the researcher’s judgement as to typicality or interest. In this case, the sample is defined to allow the researcher to satisfy specific needs in a project. Following the same principle as when the census was conducted, the researcher tried to involve all 14 respondents from the previous phase of data collection, however, only 11 chains agreed to participate with the other three declining the invitation (two chains were being taken over and the other was going through some major restructuring).

**Stage IV - Theoretical sampling / Census** - In stage four, postal questionnaires to all hotel units operated by the eleven chains from the previous stage, the whole population was covered. This stage of data collection was intended to compare the strategic planning and environmental scanning activities at the corporate and business unit levels so that similarities and differences could be identified and understood.
3.5.7. Data collection stages and procedures

Robson’s perspective about collecting the data is that it is not only about using the selected methods of investigation, but also, about doing it properly, which means “using these methods in a systematic, professional fashion.” (1993, p. 304). According to Robson, this need for a systematic approach to collecting the data is even greater when doing qualitative research.

In the case of this research data were systematically collected by means of questionnaires and personal interviews. The main advantage of collecting data by personal interview is that it is possible to draw on the thinking and theorising of managers to ensure that theory development encompasses a realistic view. The interviews were tape recorded and fully transcribed allowing the generation of a large volume of data which were used to substantiate the emerging data categories. The individual transcripts were also used to construct a cognitive model for each comparison group using Graphics COPE software.

As stated in the previous section, the collection of data in this study was done in four different stages. The procedures taken in each of these stages, the instruments used and how they were developed are now explained and analysed. For a summary of these stages see Table 3.1.

Stage I - The first stage consisted of a postal questionnaire sent to the population of hotel chains operating in Portugal (30 chains). This stage was intended to collect data to characterise the hotel chains operating in the Portuguese hotel sector. Due to a lack of written information about the hotel chains the information needed to develop a profile of the sector had to be directly collected from these organisations.

Each chain received a pack containing a covering letter explaining the aim of the study and asking for the chain’s collaboration, a copy of the questionnaire (Appendix B) and a pre-paid addressed envelop to facilitate the respondents’ job and increase
the response rate. The postal questionnaire used in this stage was divided into 3 parts covering the following aspects:

- Part I - Identification of the hotel chain and person for further contacts
- Part II - Type of ownership and Type of management
- Part III - Identification of the units in the chain

Table 3.1. Stages of data collection and analysis

<table>
<thead>
<tr>
<th>Sample studied</th>
<th>Data collection</th>
<th>Data analysis</th>
<th>Outcomes of analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage I</td>
<td>Population of hotel chains operating in the Portuguese hotel sector</td>
<td>Postal questionnaire</td>
<td>Descriptive analysis using the statistical software SPSS</td>
</tr>
<tr>
<td>Stage II</td>
<td>Sample of 14 hotel chains (those who answered the postal questionnaire in stage I and met the requirements to be considered as a chain)</td>
<td>In-depth interviews with administrators/managing directors, supported by a structured questionnaire composed of open-ended and closed questions</td>
<td>Descriptive analysis using the statistical software SPSS, and Grounded theory analysis for categories development and theory generation</td>
</tr>
<tr>
<td>Stage III</td>
<td>Sample of 11 chains (those from the sample used in stage II who agreed to keep involved in the research)</td>
<td>In-depth interviews with administrators/managing directors, supported by a semi-structured questionnaire composed of open-ended questions</td>
<td>Grounded theory analysis to refine and saturate categories so that theory could be developed. Causal mapping analysis for graphically representing respondents frame of references concerning the relevance and ideal structure of a formal environmental scanning process</td>
</tr>
<tr>
<td>Stage IV</td>
<td>Population of hotel units operated by the chains interviewed in stage III (52 units)</td>
<td>Postal questionnaires sent to head office to be passed on to hotel general directors, composed of open-ended questions</td>
<td>No analysis was carried out due to the very low response rate</td>
</tr>
</tbody>
</table>

Approximately one month after the questionnaire was sent a reminder letter followed in an attempt to increase the response rate. The answers received two months after the first contact amounted to 16, from which 14 were usable. These 14 respondents constituted the sample to be used in the second stage of data collection. The persons for further contact nominated by the chains were all senior level managers, with most of them being members of the board.
Stage II - The second stage consisted of in-depth interviews supported by a structured questionnaire composed of open ended and closed questions. This stage of research intended to identify the environmental scanning and strategic planning activities of formal and informal planning chains, and the existing relationship between them. With the data resulting from this stage the researcher intended to characterise formal and informal planning chains in terms of their environmental scanning and planning activities.

To arrange the interviews with the persons for further contact nominated by the hotel chains, a letter explaining the aim of the research, its uniqueness and the anonymity of the information potentially released, was sent. Once these aspects were explained the researcher then asked to be received to conduct an interview on aspects of uses of information and planning. As the Portuguese language has no corresponding term to environmental scanning, it was decided not to enter into too much detail in the introductory letter to avoid a low acceptance of the study. Approximately two weeks after the letter was sent a follow up telephone call was made to confirm if the person had received the letter and if the interview could be booked. From the 14 people contacted all agreed to be interviewed, so the most appropriate dates for the participants were defined. The interviews were taped, to make sure that no relevant data would be missing, and were conducted in the participants place of work. This is also seen as an important point in making the interviewee feel more comfortable as he is based in his natural surroundings. This also allowed the researcher to observe and collect other visual information concerning the natural environment of the participants.

In this research two types of interviewees were used: the administrators / owners / general managers or other senior managers appointed by the administration of the hotel chains (corporate level managers). The administration level in the structure of the Portuguese organisations is the top level equivalent to that of the board of directors.
The questionnaire to support the interviews was developed using the questions identified from the review of the literature. These central questions were then expanded to cover other aspects considered as relevant. The questionnaire is mainly composed of closed questions, however, in respect of those aspects seen as more particular to each chain or respondent, open questions were used to allow for a greater flexibility of answers. The questionnaire was then piloted in two hotel units not belonging to any of the chains in the sample. As a result, some questions were reworded and some changed to encompass the particularities of the hotel sector. The final version used to support the interviews is provided in Appendix C and was divided into 3 parts covering the following aspects:

- Part I - Respondent and company backgrounds
- Part II - Environmental scanning activities
- Part III - Attitudes towards strategic planning activities

The data collected in this stage allowed a rich characterisation of the environmental scanning and strategic planning activities of the chains in the sample. Using the statistical software SPSS, the initial analysis of the data was carried out using frequencies and after by cross-tabulating some of the most relevant variables. However, and despite the literature recommending a clear link between strategic planning and environmental scanning, this did not come so clearly from the analysis carried out. The differences between formal and informal planning companies were not so significant as reflected in the literature review. In order to further explore the data to try to better understand some of the themes emerging, a grounded theory approach was adopted by which data could be questioned and through the constant comparative method similarities and differences identified.

The data were re-analysed using grounded theory methodology. Codes were developed and then grouped under categories emerging from the data. Theoretical sampling was conducted along the analysis as a way to identify those issues needing further research. The collection of further data to saturate the emerging categories is seen by Glaser and Strauss (1967) as a fundamental aspect of grounded theory.
A third stage of data collection was then carried out in order to collect the relevant data to clarify the issues emerging from the data and to achieve theoretical density (Glaser and Strauss 1967).

Stage III - The third stage of data collection consisted of in-depth interviews supported by a structured questionnaire composed of open ended questions. This stage of research intended to collect the relevant data to clarify the themes emerging from the analysis and to saturate the categories so that theoretical density could be achieved.

To this end, 11 respondents were interviewed from the previous phase of data collection so that the results could reflect as close as possible the same realities. With theoretical sampling, however, maintaining the same number of respondents is not so sensitive as long as the data needed to answer the relevant questions can be collected from the existing sample. The 14 respondents were then contacted by telephone to increase the speed of the process and because respondents had provided their personal number for possible future contacts. They were then asked if they were willing to participate in a follow up interview to clarify some of the issues brought up in the data. From the 14 respondents contacted 11 agreed to participate with the other three declining the invitation claiming that their companies were going through some major changes and their answers would be affected by this reality (two chains were being taken over and the other was going through some major restructuring).

The interviews were taped and supported by a structured questionnaire composed of open ended questions to allow the researcher to collect, as accurately as possible, the respondents views on the various issues being explored. The questionnaire used to support the interviews is provided in Appendix D and was divided into 4 parts covering the following aspects:

Part I - Respondent and organisation background
Part II - Organisation strategic planning activities
Part III - Respondent decision making and information collection activities

Part IV - The information collection process

The data resulting from this stage allowed the saturation of categories and provided some interesting further findings which, as not closely related to the core categories developed in the grounded theory analysis, were then analysed using a cognitive mapping approach. The cognitive mapping analysis provided some rich graphical displays of hotel chain managers perceptions of the relevance of a formal environmental scanning process and how it should be structured to be successfully implemented. At this point of the research, it was thought that as a way of enriching the analysis the same aspects covered in this stage at corporate level could be compared with the unit level (hotel units). This would also allow triangulation of the data by collecting the same type of data from two different levels in the same companies. As a result, a fourth stage of data collection was carried out using a similar questionnaire to that used in stage three with only minor adjustments to reflect the hotel units context.

Stage IV - The fourth stage consisted of postal questionnaires to the general managers of the hotel units belonging to the chains in the sample (52 hotel units representing the whole population). The respondents from the previous stage of the research preferred to receive the questionnaires and then pass them on to the hotel managers. As a result, an information pack containing a cover letter explaining the objectives of the study and informing respondents that the head office was also participating, and a pre-paid and addressed envelope for the questionnaire to be returned were sent to the head office. The offer made by the head office (to receive and distribute the questionnaires to the hotel units) was accepted as it was thought that by using the head office and by letting the units know about its participation the answer rate would be better. The questionnaire used to support the interviews is provided in Appendix E and was divided into 4 parts covering the following aspects:

Part I - Respondent and organisation background

Part II - Organisation strategic planning activities
Part III - Respondent decision making and information collection activities

Part IV - The information collection process

Approximately two months after the questionnaires had been sent to the head office no answers had been received. In order to try to increase the response rate a reminder letter and another copy of the questionnaire were sent to the head office by fax with the request for it to be passed on to the units in case the information had been lost in the process. In the following two months only two questionnaires arrived with only certain questions answered. In face of such a low response rate it was decided not to include the information from this last stage of data collection and concentrate the study at the corporate level as initially planned.

There seems to be two possible causes for the low response rate achieved: First, there was the possible lack of interest from the head office in having the questionnaire sent to the units. Second, the irrelevance of the questionnaire to the activities of the hotel units. Each of these possible reasons have different readings. If the first is true, it is possible that the aspects covered in the questionnaire are essentially based at the corporate level and as such are seen as the responsibility of this level and do not have to be considered or discussed by lower levels. This premise is in a certain sense supported by some of the findings in terms of the definition of objectives and goals and the units participation in the decision making and strategy development. The second possible situation somehow derives from the first. If the units are not heard or are not involved in the strategic planning activities, answering a questionnaire about them is not seen as relevant or even appropriate. However, and as stated before, these are just speculations put forward as possible explanations and for which the researcher has no supporting empirical evidence.

Having explained and discussed the data collection stages, the analysis of the data is now discussed and examples of the main procedures described and explained.
3.5.8. Data analysis procedures

The data analysis stage was carried out using different approaches which reflected the different methodologies adopted (see Figure 3.2 for details). Data from the first and second stages of data collection were first analysed using the statistical software package SPSS. This initial analysis provided a first characterisation of the hotel chains in the sample and their strategic planning and environmental scanning activities. In a second phase the same data were analysed using a grounded theory methodology approach. This methodology allowed a further exploration of the data and provided the orientation for the third stage of data collection.

The data collected in stage three were again analysed using a grounded theory approach which allowed for the saturation of the categories developed in the previous stage. This also provided the additional information needed to develop an explanatory theory of the relationship between strategic planning and environmental scanning. Some of the data collected in stage three did not fit under the categories developed but constituted important information to answering some of the research questions. At this point the researcher decided to use a cognitive mapping approach to graphically represent the thoughts of the respondents concerning the relevance of a formal environmental scanning process and its ideal structure.

These different phases of analysis resulted in three groups of findings presented in the subsequent chapters. The first chapter of findings (Chapter 4) presents results of the SPSS analysis, and provides a characterisation of the strategic planning and environmental scanning activities of formal and informal planning hotel chains.

The second chapter of findings (Chapter 5) presents the results of the grounded theory analysis, and provides a substantive description and explanatory theory of the relationship between strategic planning and environmental scanning amongst formal and informal planning chains. The third chapter of findings (Chapter 6) presents the results of the cognitive mapping analysis, and highlights the managers thoughts and perceptions about the relevance of a formal scanning process and its ideal structure.
Figure 3.2. Main stages of data analysis
These analyses reflect the researcher’s own views on the subject. Other researchers may have different views, but, as argued by Gill and Johnson (1991), this is a personal process where background and research experience greatly influences the process. However, to allow a clear understanding of the analytical procedures carried out by the researcher, these procedures are now explained and illustrated.

**SPSS descriptive analysis**

Robson (1993) suggests that quantitative data should be analysed with the help of a software package unless the amount of data is very small and then it may be analysed by ‘hand’. However, the potential offered by computer analysis justifies its use even with small amounts of data.

The data from the first and second stages of research were first analysed using the SPSS software (stage I in Figure 3.2). All questions were analysed using descriptive statistics (frequencies and cross tabulations). These types of analysis were dictated by the type of data being analysed. Two main types of data were dealt with, nominal and ordinal data. As stated by Easterby-Smith et al. (1991, p. 126), “When the data is merely ordinal it is usually necessary to use non-parametric statistics, which do not assume equal intervals between successive points on a scale.”

Frequencies were intended to provide a clear description of the planning and scanning activities, whilst the cross tabulations were carried out to compare the data and highlight possible relationships occurring (Robson 1993). From Patton’s viewpoint, “descriptive results are often the most revealing, the most useful, and the most convincing in terms of providing real insights about the nature of the evaluation results.” (1982, p. 253).

Initially the analysis used two comparison groups, those chains which had a formal written strategic plan (Formal Planners) and those chains which did not have a formal written strategic plan (Informal Planners). To further break down the data other comparison groups were used. These were developed based on the characteristics of
the sample as can be seen in Figure 3.3. The several types of comparison analyses tried using these groups did not provide relevant differences amongst them.

The frequencies and cross tabulation analyses proved interesting but the differences between these two groups apparently were not very substantial. In order to further identify and explore any existing relationships it was decided to re-analyse the data using a more qualitative methodological approach. A Grounded Theory approach was then used and the two initial data comparison groups, formal planners and informal planners were substituted by 'intenders' and 'realisers' based on the typology developed by Mintzberg (1992). These two groups were then sub-divided into four comparison groups by using the variable *formality of the information sources used* to break down the initial groups.

The constant comparative analysis and the theoretical sampling procedure were then guided by the four comparison groups presented in Figure 3.4. These comparison groups used to compare the categories and properties of the field data were adopted because it was apparent that they had the potential to provide effective comparison measures. Besides reflecting the managerial approach to data collection, the formality of the sources used can also be seen as some measure of the scanning activities.

The identification of comparison groups proved useful for the grounded theory analysis where the constant comparison method calls for appropriate measures or groups which can be used to differentiate the data.

**Grounded Theory Analysis**

The grounded theory analysis provides a systematic structure that allows the richness of socially constructed knowledge to emerge (Riley 1996). According to Riley, grounded theory methods are designed to develop theories and concepts from many types of systematically collected data whether they are interviews, observations or documents. This characteristic of grounded theory allows the analysis of data regardless of their format. Despite the fact that the data from stages one and two were
collected with the intention of being analysed quantitatively (SPSS), this fact does not affect their further analysis using this methodology.

**Figure 3.3. Data comparison groups based on sample characteristics**

<table>
<thead>
<tr>
<th>Formal planners</th>
<th>Mainly operating in the tourism segment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mainly operating in the business segment</td>
</tr>
<tr>
<td>Informal planners</td>
<td>Mainly operating in the tourism segment</td>
</tr>
<tr>
<td></td>
<td>Mainly operating in the business segment</td>
</tr>
<tr>
<td>Formal planners</td>
<td>Portuguese ownership</td>
</tr>
<tr>
<td></td>
<td>Foreign/mix ownership</td>
</tr>
<tr>
<td>Informal planners</td>
<td>Portuguese ownership</td>
</tr>
<tr>
<td></td>
<td>Foreign/mix ownership</td>
</tr>
<tr>
<td>Formal planners</td>
<td>Owning or managing between 2-5 units</td>
</tr>
<tr>
<td></td>
<td>Owning or managing between 5-10 units</td>
</tr>
<tr>
<td>Informal planners</td>
<td>Owning or managing between 2-5 units</td>
</tr>
<tr>
<td></td>
<td>Owning or managing between 5-10 units</td>
</tr>
</tbody>
</table>

The data analysis focused on the development of concepts, properties and relations, following the procedures of how to generate grounded theory provided by Glaser and Strauss (1967) and Strauss and Corbin (1990). The data were first analysed within each interview and then across the fourteen interviews to detect similarities and compare differences. Within the first interview the coding and analysis was more open ended and generative than in the analysis of the following interviews. The data generated by the interviews were analysed and coded by focusing on the activities of strategic planning and environmental scanning.
The grounded theory analysis uses a form of content analysis where the data are read and categorised into concepts that are suggested by the data rather than imposed by the researcher (Strauss and Corbin 1990). This first phase of coding is known as open coding, which according to these authors, "fractures the data and allows one to identify some categories [and ] their properties". (p. 97). Once the data were analysed following this initial coding procedure, the concepts emerging were organised by recurring theme. These themes were then used to develop categories which linked a number of associated concepts. This procedure is known as axial coding and is focused on putting the data from the open coding back together in new ways by making connections between a category and its subcategories (Strauss and Corbin 1990). By making connections between subcategories a more comprehensive scheme is constructed.

Data from the other cases were re-examined and re-coded using the same procedures, with the intention of determining that set of categories and concepts that covered as
much of the data as possible. This also allowed that the initial concepts which emerged from the analysis and coding of the first interview could be contrasted, elaborated and qualified in the subsequent interviews. This stage of analysis produced a set of broad categories and associated concepts that allowed a description of the relevant aspects of strategic planning and environmental scanning and the surrounding contexts.

This initial set of categories and associated concepts guided the next stage of field study conducted in eleven hotel chains (stage III in Figure 3.1). The theoretical sampling conducted along the analysis allowed the process of data collection, coding and analysis to be more focused. The data collected in this stage were first sorted into the initial concepts generated by the data for the previous stage (stage II in Figure 3.1). However, some of the findings from this stage (i.e. areas of decision making, types of decisions and information used to make these decisions), did not fit under the initial concepts generated. These findings led to the generation of further concepts causing the elaboration and clarification of the emerging theoretical framework. The redefinition of the initial concepts to incorporate these findings required a re-sorting and re-analysing of stage II data, to encompass the new concepts and the more complex relations now informing the framework. According to Orlikowski (1993), this ability to incorporate unique insights during the course of the research is one of the benefits of a grounded theory approach.

A final stage of analysis was carried out where the conceptual categories developed in the axial coding were subsumed under a higher level of categories called ‘core categories’ (Strauss and Corbin 1990). This stage is known as selective coding and consists of selecting the core category or categories, systematically relating them to other categories, validating those relationships and filling in categories that need further refinement and development (the core categories and sub-categories developed are those presented in stage II of Figure 3.2). According to Strauss (1987), to be considered as a core category they need to fulfil the following requirements:

- be related to as many lower level categories as possible;
• have a pervasive presence in the data;
• relate easily to subcategories; and
• be broad enough to allow variations within the categories subsumed under the core category.

The iteration between data and concepts ended when enough categories and associated concepts had been defined to explain what was happening in terms of strategic planning and environmental scanning in the organisations under analysis, and no additional data were necessary. This situation is defined by Glaser and Strauss (1967) as “theoretical saturation”.

The categories supported by the data were not predetermined, but were established during the early stages of the research. They somehow are a result of the discussion topics used in the interviews but more than that, they reflect the issues repeatedly raised by the respondents during the interview stages.

With the data resulting from the second round of in-depth interviews (stage III of data collection - Figure 3.1) it was possible to saturate the categories previously developed as well as those further developed to encompass new aspects raised by respondents. Some other data, however, was also generated which could not be accommodated under the categories developed (i.e. relevance and structure of a formal scanning process, and the barriers to such process as well as the actions to overcome them). Rather than trying to force these data under the existing categories, and due to its relevance, they were analysed using a different technique from that of grounded theory (stage III in Figure 3.2 - cognitive mapping analysis). The method used was that of cognitive mapping. This method is particularly suited for the analysis of respondents’ thoughts on a specific topic/problem under investigation. In fact, cognitive mapping allows users to structure accounts of problems and this may provide valuable clues as to the respondents’ perceptions of the problem (Ackerman, Eden and Cropper 1992). The procedures involved in this analysis are now provided.
Cognitive Mapping analysis

The creation and analysis of maps followed Jones (1985) and Ackerman et al. (1992) guidance on how to construct cognitive maps. As the data had previously been transcribed and translated, the transcripts were used to code the data. Jones claims that transcribing tapes is very time consuming and expensive if paid for. Despite this, all the tapes were transcribed so as to guarantee the accuracy of the transcripts as well as to take account of other non-linguistic data on the tapes, such as hesitations and repetitions.

Coding the data into categories is the longest and most sensitive part of the analysis. Jones (1985) suggests two possible ways of carrying out this exercise. It is either possible to decide upon the categories in advance and then try to fit the data under the categories developed a priori; or analyse the data using a grounded theory methodology so allowing the categories to emerge. The second option is suggested by Jones as the most appropriate, as we are looking for theory that ‘fits and works’, in which case it has to be generated inductively from the data. For these reasons, the second approach was the one adopted in this stage of data analysis. The style of coding was, however, adapted to encompass the basic premises of cognitive mapping using the Graphics COPE software. In this case, and as suggested by Jones, more complete coding should take account of the way in which the particular meaning of an idea is elaborated through its contrast, explicit or implicit, with some psychological alternative. The use of opposite notions (bi-polar constructs) with the opposite possibly meaning different things to different people derives from the work of Kelly (1955). According to Eden (1988, p. 3-4), cognitive mapping based on Kelly’s theory builds on three key assertions:

1. man makes sense of his world through contrast and similarity (that is, meaning in the context of action derives from relativism);
2. man seeks to explain his world (why it is as it is, what made it so);
3. man seeks to understand the significance of his world by organising concepts hierarchically so that some constructs are superordinate to others.
There are other reasons, however, for using a grounded theory approach in the coding process and the cognitive mapping methodology for analysing the data. By capturing as much of the data representing the respondents' subjective view as possible, content validity is reinforced, and by following this procedure it is less likely that systematic error is introduced, thus increasing the reliability of the research.

In respect of the mapping techniques, Ackerman et al. (1992) suggested the following approach consisting in three major steps:

1. The data is broken into their constituent elements, usually different phrases which retain the language of the person providing the account. These phrases are treated as distinct concepts which are then reconnected to represent the account in a graphical format.
2. Pairs of phrases may be united in a single concept where one provides a meaningful contrast to the other. These phrases are constructs: meaning is retained through contrast.
3. The distinct phrases are linked, each to related others, to form a hierarchy of means and ends. This involves deciding on the status of one concept relative to another. Meaning is retained through the context.

The cognitive maps generated comprise two main elements: concepts about persons beliefs and theories about the relationships between them, which are displayed in the map by an arrow or simple line (Jones 1985). Jones uses an arrow to represent a relationship where one thing leads to, or is explained by, another. A simple line is used to represent a connotative, or non-causal link.

Graphics COPE allows the creation of maps of concepts and the relationships between them. Once the cognitive map has been entered into the computer it can be analysed and explored with the tools provided by Graphics COPE.

A Graphics COPE model is a collection of ideas and relationships connected in the form of a cognitive map (see Figure 3.5 for details). Ideas are expressed by short
phrases which encapsulate a single notion and its opposite. The relationships between these ideas are described by linking them together in either a causal or connotative manner. Causal links are normally used, and they indicate that one concept 'caused' or 'may lead to' another.

In following Eden's (1988, p. 4-5) directions, the map in Figure 3.5 can be read as follows: each block of text represents a “construct” which has two parts to it. The first part is the “presented pole” of the construct and the second pole (separated by three dots ‘...’ which reads as ‘rather than’) is the contrast or psychological opposite. The linkage between the constructs (causal or connotative), represents the meaning of the construct in terms of the explanations and consequences. The link in the form of an arrow shows the nature of the linkage. An arrow going out of a construct shows a consequence, and an arrow into a construct an explanation. Each arrow, therefore, gives explanatory meaning to another (Eden 1988). A negative sign on the ‘head’ of an arrow implies that the first pole of the explanatory construct implies the second pole of the consequential construct (see Appendix F for more details on the mapping procedures using COPE).

In this way, the views and opinions of a single person or group of people can be captured and explored. As seen by Jones (1985), in mapping we are listening for, and seeking to represent, the respondents' expressed explanatory and predictive theories about aspects of their world.

In terms of how the maps were analysed, this was done by content, with the types of concepts assessed and their importance inferred, and by structure, where domain analysis and heads and tails analyses were used as recommended by Eden at al. (1992). Domain analysis calculates the total number of in-arrows and out-arrows from each node (or construct), and is used to find out which concepts are most significant in the model in terms of the density of linkage around them. The analysis does this by concentrating on the density of the links immediately going into or out of the concept. These concepts are likely to be important or to be key issues that might require further exploration. Heads are the concepts on a map that have arrows
pointing into them but none pointing away from them. It is useful to identify them as they can often be goals or desired outcomes. Tails are the concepts on a map that have arrows pointing away from them but none pointing into them. Tails are usually possible actions that a person might do in order to resolve a difficult problem, although they can indicate specific things that stand in the way of a solution.

Figure 3.5. Graphics COPE Model

3.6. QUESTIONS OF VALIDITY AND RELIABILITY

According to Strauss and Corbin (1990, p. 250), when evaluating qualitative research, “the usual canons of ‘good science’ should be retained, but require redefinition in order to fit the realities of qualitative research, and the complexities of social phenomena that we seek to understand.” These authors views are that a qualitative study can be evaluated accurately only if its procedures are sufficiently explicit so that their appropriateness can be assessed and if the research procedures were appropriate to the study. In the case of this research both quantitative and qualitative data were generated, however, as the central approach was qualitative as well as the type of data generated, this has to be equated in evaluating the research.
Lincoln and Guba (1985) propose an alternative criteria to evaluate qualitative research. Instead of using the criterion of internal and external validity and reliability as normally used in quantitative studies, they propose the use of credibility, transferability, dependability and confirmability.

Credibility (Lincoln and Guba’s alternative to internal validity) has to do with demonstrating that the enquiry was carried out in such a way which ensures that the subject of the research was accurately identified and described. To achieve credibility, several different techniques are proposed by the authors, namely, prolonged involvement, persistent observation, triangulation. In the case of this research the following measures were taken to achieve credibility.

- The whole population of hotel chains was identified and given the opportunity to participate in the study.
- Four stages of data collection were undertaken to make sure that the necessary data were being collected and all the relevant issues dealt with.
- Methodological triangulation was adopted and different sources were attempted (hotel units).

Transferability (corresponding to external validity or generalisability) has to do with applying the findings about one situation or case to other similar cases and situations. This idea is based on the fact that there are situations where a sampling methodology is not used making statistical generalisations inappropriate. According to Lincoln and Guba, for transferability to be possible the researcher has to provide “the data base that makes transferability judgements possible on the part of potential appliers.” (1985, p. 316). This is achieved, according to these authors by providing a detailed descriptive account of the research. This is a description which specifies everything that a reader may need to know to understand the findings although these are not part of that description. According to Robson (1993), a full specification of the theoretical framework on which the study is based helps the designing of other studies within the same framework and the assessment of the transferability of the findings to other
settings. This was a constant concern during the presentation of the methodological choices and procedures made along the present research.

Dependability, from the viewpoint of Lincoln and Guba, corresponds to reliability in the sense that, as reliability is a necessary but not sufficient condition for validity, and a study that is valid must be reliable, in the same way dependability is necessary, but not sufficient for credibility. As a consequence, a study that is shown to be credible is also dependable. Put in a different way, if the research processes are acceptable and in conformity with the accepted standards (clear, systematic, well documented, providing safeguards against bias) then evaluators can attest to their dependability. All these different aspects were taken into account in this research, however, it should be noted that reliability as consistency of results obtained in research (Gill and Johnson 1991) implies that subjects perceptions and thoughts will not change over time. According to Easterby-Smith et al. (1991), the main problem with testing the assumption of reliability in practice is that no one can be sure that the respondent, and other factors, have not changed between the time of the first and subsequent studies. This is even more true if we consider the theory-ladenness of facts “establishing behind objection that theories and facts are quite interdependent”. (Guba and Lincoln 1994, p. 107).

Confirmability corresponds to the concept of objectivity and consists of assessing if the readers/evaluators were told enough about the study in order to judge the adequacy of the process and whether the findings flow from the data. Miles and Huberman (1994, p. 278) consider as the basic issue in confirmability/objectivity, “the relative neutrality and reasonable freedom from unacknowledged researcher bias - at the minimum, explicitness about the inevitable biases that exist.” In respect of confirmability/objectivity in this study, besides providing the details and explanations on the methodological choices and decisions made along the research, the researcher also tried to minimise possible biases by sharing these choices and decisions with peers, academics and supervisors.
3.7. PROFILE OF THE SAMPLE AND RESPONDENTS

Profile of the Sample

The sample is mainly composed of Portuguese chains (10 cases out of 14) with only one company being foreign owned and three Portuguese-foreign owned (mix). The fourteen chains in the sample own and/or manage 64 units in Portugal. The majority of the units are owner managed (54 units), nine units are under management contracts and 1 is franchised. The number of units per chain vary from 2 (minimum) to 8 (maximum), the average being 4 units per chain. In terms of classification of the units it ranges from 3 to 5 stars according to the Portuguese Tourism Board standards. (See Table 3.2 for details). The non-respondent hotel chains (14) have basically the same characteristics in terms of size, ownership, geographical location and classification of their units.

Despite the small size of the sample it represents almost half of the population and the chains composing it reflect the characteristics of the hotel chains operating in Portugal be it in terms of ownership, segment of operation, size or geographical location. The sample also includes all those chains willing to participate in this research.

Three segments have been used to analyse the pattern of visitors staying at the hotels: Business & Congress, Tourism, and Other for those situations not covered by any of the first two segments. The figures for the segment business & congress vary from 10% (minimum) in one case, to 85% (maximum) in another case. For the tourism segment the percentages vary from 11% minimum to 80% maximum. The figures presented for the segment ‘other’ vary from 4% to 25%, but the respondents did not specify what type of guests were included in this segment. If we average the percentages for each segment the figures obtained are very similar. In the business & congress segment the average is 47.3%, while in the tourism segment the average is 46.8%.

To further analyse the sample two matrices were produced:
1. Chains by number of units, type of ownership and existence of a strategic plan;
2. Chains by number of units, main segment of operation and type of ownership.

In the matrix ‘Chains by number of units, type of ownership and existence of a strategic plan’ (Figure 3.6), three groups clearly emerge:

- Portuguese chains operating between 2 and 5 units, where the majority do not have a strategic plan
- Portuguese chains operating between 6 and 10 units, where the majority have a strategic plan
- Foreign/Mix chains operating between 2 and 5 units, where the majority have a strategic plan

In the matrix ‘Chains by number of units, main segment of operation and type of ownership’ (Figure 3.7), four distinct groups can be identified:

- Portuguese chains operating between 2 and 5 units, mainly in the business & congress segment
- Portuguese chains operating between 2 and 5 units mainly in the tourism segment
- Portuguese/foreign (Mix) chains operating between 2 and 5 units mainly in the business & congress segment
- Portuguese chains operating between 6 and 10 units mainly in the tourism segment
<table>
<thead>
<tr>
<th>Chain</th>
<th>Date of Const</th>
<th>Type of Ownership</th>
<th>No Units by Type of Management</th>
<th>Size of Chain</th>
<th>Percentage of Guests per Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Port</td>
<td>Foreign</td>
<td>Mix</td>
<td>Own</td>
</tr>
<tr>
<td>1</td>
<td>Le Meridien*</td>
<td>1984</td>
<td>x</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Soc. Figueira Praia</td>
<td>1990</td>
<td>x</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Hoteis Eduardo VII*</td>
<td>1957</td>
<td>x</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Montehoro</td>
<td>1987</td>
<td>x</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Buckingham Int. PLC*</td>
<td>1989</td>
<td>x</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Ipanema Hoteis</td>
<td>1991</td>
<td>x</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Torralta</td>
<td>1966</td>
<td>x</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Hoteis Alexandre de Almeida</td>
<td>1917</td>
<td>x</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Grupo Pestana</td>
<td>1986</td>
<td>x</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Soltejo (Novotel)*</td>
<td>1989</td>
<td>x</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>11</td>
<td>Dom Pedro Invest. Turisticos</td>
<td>1975</td>
<td>x</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>12</td>
<td>Hoteis Belver</td>
<td>1979</td>
<td>x</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>13</td>
<td>Salvo - Soc Invest Hot SA</td>
<td>1983</td>
<td>x</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>14</td>
<td>Sopete</td>
<td>1970</td>
<td>x</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10</td>
<td>1</td>
<td>3</td>
<td>54</td>
</tr>
</tbody>
</table>

*The values shown for these chains are only those corresponding to the hotel units located in Portugal (Mainland and the Madeira Island).
If this matrix is analysed, just based on the number of units and main segment of operation, three distinct groups clearly emerge:

- Chains operating between 2 and 5 units mainly in the business & congress segment
- Chains operating between 2 and 5 units mainly in the tourism segment
- Chains operating between 6 and 10 units mainly in the tourism segment

Profile of the respondents
Most of the respondents are positioned at corporate level (administration) and have been in position for at least two years (see Table 3.3). Those not positioned at this level have been appointed by the administration to answer the questionnaire, so the results in the following parts very much reflect the perspectives of the administration.

Figure 3.6. Chains by number of units, type of ownership and strategic plan
Figure 3.7. Chains by number of units, main segment of operation and type of ownership

Table 3.3. Respondents' position in the company structure

<table>
<thead>
<tr>
<th>Code</th>
<th>Chain</th>
<th>Respondent position</th>
<th>Position by layer</th>
<th>Time in position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Le Meridien</td>
<td>Regional director for marketing and sales</td>
<td>3</td>
<td>2yrs</td>
</tr>
<tr>
<td>2</td>
<td>Soc. Figueira Praia</td>
<td>General director for the hotel sector</td>
<td>3</td>
<td>1yr 2mths</td>
</tr>
<tr>
<td>3</td>
<td>Hoteis Eduardo VII</td>
<td>Administrator</td>
<td>1</td>
<td>6yrs</td>
</tr>
<tr>
<td>4</td>
<td>Montechoro</td>
<td>General director for the hotel sector</td>
<td>2</td>
<td>4yrs</td>
</tr>
<tr>
<td>5</td>
<td>Buckingham Int. PLC</td>
<td>Administrator</td>
<td>2</td>
<td>1yr 6mths</td>
</tr>
<tr>
<td>6</td>
<td>Ipanema Hoteis</td>
<td>Commercial director</td>
<td>3</td>
<td>8yrs</td>
</tr>
<tr>
<td>7</td>
<td>Torralta</td>
<td>Service and control manager</td>
<td>6</td>
<td>15yrs</td>
</tr>
<tr>
<td>8</td>
<td>Hoteis Alexandre de Almeida</td>
<td>Administrator</td>
<td>1</td>
<td>4yrs</td>
</tr>
<tr>
<td>9</td>
<td>Grupo Festana</td>
<td>Group director of hotel operations</td>
<td>3</td>
<td>1yr 4mths</td>
</tr>
<tr>
<td>10</td>
<td>Soltejo</td>
<td>Hotel general manager</td>
<td>4</td>
<td>4yrs</td>
</tr>
<tr>
<td>11</td>
<td>Dom Pedro Invest. Turisticos</td>
<td>President of the board</td>
<td>4</td>
<td>2yrs</td>
</tr>
<tr>
<td>12</td>
<td>Hoteis Belver</td>
<td>Administrator</td>
<td>1</td>
<td>7yrs</td>
</tr>
<tr>
<td>13</td>
<td>Salvador - Soc Invest Hot SA</td>
<td>Finance director for the hotel sector</td>
<td>4</td>
<td>4yrs</td>
</tr>
<tr>
<td>14</td>
<td>Sopete</td>
<td>President</td>
<td>1</td>
<td>2yrs</td>
</tr>
</tbody>
</table>

The majority of the respondents are positioned at the top layers of the company structure, layers 1 to 3 (see Appendix C, Part I, Q. 5 for details). In three cases the respondents are positioned in lower layers in the organisation hierarchy (layers 4 to
6), however these situations have additional explanations. In one case (code 7, Table 3.3), due to the company’s situation, administrative receivership, the respondent appointed was someone related to the area where they were having the most problems (service and control). In the second case (code 10), the hotel general manager also holds other supervisory functions due to the fact that he is in charge of the unit based in Lisbon where they have their central services. In the third case (code 13) the respondent performs his function in relation to all hotels in the chain, even though his job position is located at the level of hotel general managers. It was clear from the data collected from the interviews that similar positions have different designations in different companies.

The organisational chart presented in Appendix C, shows the most complex form of organisation reported by respondents. Some organisations have simpler structures. The maximum number of layers reported was 6, and the minimum was 3. The most common situation was 4 layers. The simplest structure, 3 layers, consists of administration, hotel directors and department directors, represented by the layers 1, 5 and 6 in the structure above.

In terms of professional or academic qualifications, most of the respondents gave two answers for this question, and the results show a high variability in terms of their academic backgrounds. This varies from high school graduate to a Ph.D. However, the most common situations are degrees in business administration (3 cases) and in law (2 cases). Only two respondents have a degree in hotel management and most of the respondents gained training in hospitality through professional training (8 cases) after having obtained their first degree (see Table 3.4 for details).

3.8. CONCLUDING REMARKS

As explained in this chapter, the research addressed several issues not covered by previous research. An exploratory and descriptive approach was adopted in order to clarify those aspects not covered by the secondary information available on the Portuguese hotel sector. This approach was maintained throughout the study as it was
Table 3.4. *Academic qualifications*

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>1</td>
</tr>
<tr>
<td>Degree in Hospitality (Oporto Hotel School)</td>
<td>1</td>
</tr>
<tr>
<td>Hotel Directors Course</td>
<td>1</td>
</tr>
<tr>
<td>Degree in Law</td>
<td>2</td>
</tr>
<tr>
<td>Course in Administration and Accounting</td>
<td>1</td>
</tr>
<tr>
<td>Degree in Hotel Management (Univ. of Surrey)</td>
<td>1</td>
</tr>
<tr>
<td>4th year of the Degree in Engineering</td>
<td>1</td>
</tr>
<tr>
<td>3rd year of the Degree in Business Administration</td>
<td>1</td>
</tr>
<tr>
<td>FCA - Chartered Accountant</td>
<td>1</td>
</tr>
<tr>
<td>Degree in Business Administration</td>
<td>3</td>
</tr>
<tr>
<td>Ph.D. in Biotechnology</td>
<td>1</td>
</tr>
<tr>
<td>Professional training courses in hospitality</td>
<td>8</td>
</tr>
<tr>
<td>Hotel Directors Association Course</td>
<td>1</td>
</tr>
<tr>
<td>Post Graduation in Hotel Management (Cornell University)</td>
<td>1</td>
</tr>
<tr>
<td>Course of Accounting Technicians</td>
<td>1</td>
</tr>
<tr>
<td>Course in Hotel Management (Lausanne Hotel School)</td>
<td>1</td>
</tr>
<tr>
<td>University Extension Course in Hospitality (Estoril Hotel School)</td>
<td>1</td>
</tr>
<tr>
<td>Degree in Engineering</td>
<td>1</td>
</tr>
</tbody>
</table>

seen as the most adequate to achieve the aims of the research. The methodological choices were in a first stage planned according to the research questions (survey research) and in a second stage dictated by the characteristics of the results emerging (grounded theory).

The length of this chapter and the level of detail provided can be seen as a result of the qualitative approach adopted. A detailed overview of the major choices and decisions made during the study was provided so that some of the major weaknesses of qualitative research could be overcome (questions of structure and scientific rigor and researcher bias). The same was intended with the research design, in particular with the data analysis stage.

In the following three chapters the findings of the research will be presented. In the next chapter (Chapter 4), a description of the strategic planning and environmental scanning activities of the hotel chains operating in Portugal is provided. The findings are discussed and confronted with the literature review which allows their contextualisation. In Chapter 5, based on the findings of the grounded theory analysis a descriptive and explanatory theory of the relationship between environmental scanning and strategic planning is presented. In Chapter 6, the relevance and the ideal
structure of a formal environmental scanning process are presented and discussed. In each of these chapters a discussion of the results is provided so that a better integration and understanding of the findings can be achieved.
CHAPTER 4 - FINDINGS I - STRATEGIC PLANNING AND ENVIRONMENTAL SCANNING ACTIVITIES

4.1. INTRODUCTION

4.2. STRATEGIC PLANNING ACTIVITIES
   4.2.1. Production of strategic plan
   4.2.2. Implementation of strategic plan
   4.2.3. Control of strategic plan
   4.2.4. Reasons for not having a strategic plan
   4.2.5. Strategic planning approach
   4.2.6. Strategy making process
   4.2.7. Decision making process
   4.2.8. Definition of goals and objectives
   4.2.9. Key players defining goals and objectives
   4.2.10. Sectors evaluated and methods used to assess company performance

4.3. ENVIRONMENTAL SCANNING ACTIVITIES
   4.3.1. Factors influencing company’s performance
   4.3.2. Formality of the scanning activity by factor
   4.3.3. Frequency of formal information collection
   4.3.4. Methods used to scan the environment
   4.3.5. Analysis and dissemination of information
   4.3.6. Classification, uses and type of scanning sources
   4.3.7. Situation of scanning activity, formality of approach and average hours per week

4.4. CONCLUDING REMARKS AND IMPLICATIONS FOR FURTHER RESEARCH
4.1. INTRODUCTION

In this chapter the activities of strategic planning and environmental scanning among the hotel chains operating in Portugal are analysed and discussed. The findings presented also cross compare the level of planning and scanning by those chains who have a formal written strategic plan (formal planners) and those who do not have a formal written plan (informal planners). The planning and scanning practices of these organisations are also discussed and compared with the relevant literature in these areas.

This phase of the analysis addresses the first research aim, To explore and analyse the strategic planning and environmental scanning activities of hotel chains operating in Portugal, and provides answers to the first research question:

What are the similarities and differences between hotel chains operating in Portugal in respect of their strategic planning and environmental scanning activities?

The findings presented are based on frequencies and cross-tabulation analyses of the data from the first and second stages of data collection (postal questionnaire sent to all hotel chains operating in Portugal, and in-depth interviews with senior managers of the 14 chains involved). The chapter is organised around two major sections, Strategic planning activities and Environmental scanning activities, which lay the foundations for the findings presented in the following two chapters.

4.2. STRATEGIC PLANNING ACTIVITIES

The first of the two major areas covered by this investigation to be analysed relates to the strategic planning activities of the companies in the sample. In order to evaluate the attitudes towards strategic planning, respondents were first asked if their company had a formal written strategic plan and if so to describe how it was developed, implemented and controlled. If the company did not have a formal strategic plan the respondent was asked to explain why. The answers to the existence
or not of a formal written strategic plan provided an initial insight into the strategic planning approach practised by each of the companies in the sample and allowed their classification into formal planning and informal planning hotel chains. These answers show the formation of two distinct groups where seven chains have a formal strategic plan and seven do not. These findings are in accordance with Mintzberg’s (1992) view about strategy not always being translated into a formalised plan. This report of findings will start with the analysis of the steps involved in the production, implementation and control of the formal strategic plan as reported by the seven companies who have such a plan.

4.2.1. Production of strategic plan

From the analysis of the steps involved in the production of the strategic plan (see Table 4.1 for a summary of these steps) two central aspects can be noted. First, the strategic plan is mostly produced by the administration (no information was provided on how this plan is produced), and second, the most common type of plan cited is, in fact, the budget. One respondent mentioned a 5 year plan with objectives, which is then broken down into a 1 year plan to achieve the objectives defined. Another mentioned a country plan and specific strategic plans for the departments. Only one respondent made reference to other levels of management providing information for the plan to be developed.

The steps involved in the production of the strategic plan suggest a very limited approach when compared to that which is proposed in the literature. The economic analysis and planning proposed by Johnson and Scholes (1993) seems to be present, however, the other aspects of organisational decision making within a social, political and cultural context proposed by the same authors are clearly missing. On the other hand, if we compare the budgeting process, dominated by financial aspects, with the characteristics of strategic planning as proposed by Poole (1990) and Stoner and Freeman (1986), the strategic plan reported by respondents can hardly be considered as such.
Table 4.1. *Summary of the steps involved in the production of the strategic plan*

<table>
<thead>
<tr>
<th>Step</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual (August/September) budget and marketing plan</td>
</tr>
<tr>
<td>Budget approved by general director</td>
</tr>
<tr>
<td>All departments work based on the approved budget</td>
</tr>
<tr>
<td>Strategic plan defined according to occupancy rates expected</td>
</tr>
<tr>
<td>Annual detailed budget process adjusted monthly</td>
</tr>
<tr>
<td>Country plan with specific strategic plans for departments</td>
</tr>
<tr>
<td>Strategic plan produced by the administration</td>
</tr>
<tr>
<td>Objectives defined by the administration and communicated to managers</td>
</tr>
<tr>
<td>Managers analyse objectives and communicate their opinion to administration in general meetings</td>
</tr>
<tr>
<td>Administration analyses managers' inputs and produces strategic plan, and then pass it over to the directors</td>
</tr>
<tr>
<td>Plan made by head office using external consultants and internal inputs</td>
</tr>
<tr>
<td>Plan produced through brainstorming at the highest level</td>
</tr>
<tr>
<td>Administration and the board of directors define the plan and objectives</td>
</tr>
<tr>
<td>5 year plan with objectives and goals on market and investment priorities</td>
</tr>
<tr>
<td>1 year plan to achieve objectives defined in the 5 year plan</td>
</tr>
<tr>
<td>Strategic plan elaborated and continuously revised at the board of directors' meeting</td>
</tr>
<tr>
<td>Revised plan incorporated into an updated version before the development of next years' budget</td>
</tr>
</tbody>
</table>

4.2.2. Implementation of strategic plan

In respect of how the strategic plan is implemented, the most common procedure reported is the definition of an annual plan (plan of actions or area plan) to implement the decisions stated in the strategic plan (see Table 4.2 for a summary of these procedures). Some companies delegate the implementation to each hotel unit, and one respondent refers the involvement in the implementation of the people who produced the plan. A clear concern for the sales aspect is reflected in some of the answers.

Table 4.2. *Summary of the procedures taken in implementing the strategic plan*

<table>
<thead>
<tr>
<th>Step</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various marketing and sales actions by the commercial department</td>
</tr>
<tr>
<td>Sales actions processed daily and the strategic actions implemented in the medium and long term</td>
</tr>
<tr>
<td>Plan implemented according to main lines defined in order to achieve the budget</td>
</tr>
<tr>
<td>Break down the plan into two main areas - hotel and real estate</td>
</tr>
<tr>
<td>People involved in the development of plan are now involved in its implementation</td>
</tr>
<tr>
<td>Objectives and goals communicated to hotel general directors who then prepare implementation plans</td>
</tr>
<tr>
<td>Report with results from previous phase disseminated to all sectors and carried out by each manager</td>
</tr>
<tr>
<td>Annual plan with details to achieve objectives from the 5 year plan</td>
</tr>
<tr>
<td>Strategic plan translated into a plan of actions scheduled and attributed to operational managers</td>
</tr>
</tbody>
</table>

The involvement of the different managerial levels in the development of the strategic plan, seen by Gilbert and Lorange (1977) as a necessary condition for its
success, seems to be largely missing in respondents' companies. As a result, the implementation stage will certainly suffer in terms of the degree of commitment from those involved in the implementation of the plan.

4.2.3. Control of strategic plan

The control actions taken rely essentially on the assessment of the financial results and their comparison with the objectives and the performance from previous months and years. This situation is in tune with the main planning document produced by these companies, the budget.

This comparison between the current results, objectives and past performance denote a highly reactive attitude by these companies. On the other hand, the fact that only financial aspects are controlled, reveals these as the only aspects or at the least the core aspects covered in their planning activities. This existing concern for achieving budget objectives also denotes a somewhat short term perspective. (See Table 4.3 for a summary of the actions taken to control objectives).

Table 4.3. Summary of the actions taken to control the strategic plan

<table>
<thead>
<tr>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparing monthly objectives with daily results</td>
</tr>
<tr>
<td>Distortions and gaps are corrected by defining new orientations</td>
</tr>
<tr>
<td>Daily reports from the different sectors</td>
</tr>
<tr>
<td>Monthly profit and loss accounts compared with budget, previous year and daily results</td>
</tr>
<tr>
<td>Marketing reports and re-forecasts if there are distortions to correct</td>
</tr>
<tr>
<td>Analyses and reports from people in charge of each sector</td>
</tr>
<tr>
<td>Analysis of the results</td>
</tr>
<tr>
<td>Operations director assessment of the hotel results</td>
</tr>
<tr>
<td>Action plans developed by each hotel</td>
</tr>
<tr>
<td>Internal control department</td>
</tr>
<tr>
<td>Control based on the economic, financial and human resources aspects</td>
</tr>
<tr>
<td>Hotel general directors reports with previous month results and comments</td>
</tr>
<tr>
<td>Hotel general directors and department managers meetings 3/4 times a year to discuss operations</td>
</tr>
<tr>
<td>Analysis of progress at the board of directors meeting</td>
</tr>
</tbody>
</table>
4.2.4. Reasons for not having a strategic plan

Those chains who reported as not having a formal written strategic plan were asked to explain why they did not have such a plan and what was the practice instead. Most of these respondents said that their company has a strategy, and some of them even referred to the existence of a non-written plan. Other respondents said that they have a "vision" about their business and strategy, and this is what is followed in managing the company. This can be seen as the personal strategy of the company’s leader, which reflects Vancil and Lorange’s (1977) idea of how strategic planning occurs in smaller companies. Another reason for not having a formal plan is the high degree of personal contact among the personnel who dismiss the need for a formal plan. This also allows greater flexibility than does the existence of a "rigid formal plan". (See Table 4.4 for more details).

Table 4.4. Summary of the reasons for not having a formal written strategic plan

<table>
<thead>
<tr>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company strategy is to recover hotel units and create new services</td>
</tr>
<tr>
<td>Company has a strategy but small size of units and constant interaction of personnel doesn’t justify plan</td>
</tr>
<tr>
<td>Direct and personal contact by directors and personnel in charge discards the need for formal planning</td>
</tr>
<tr>
<td>Being not limited by a rigid formal plan allowing greater flexibility</td>
</tr>
<tr>
<td>&quot;We dance according to the music&quot;</td>
</tr>
<tr>
<td>Non written plan changed and improved according to situation</td>
</tr>
<tr>
<td>No strategic plan due to the present financial situation</td>
</tr>
<tr>
<td>Process of renovation and consolidation expected to take 3 years</td>
</tr>
<tr>
<td>Annual written budget which helps the decision making process</td>
</tr>
<tr>
<td>A meeting with hotel general directors every 3 months to analyse results and define new decisions</td>
</tr>
<tr>
<td>Company highly entrepreneurial and opportunity driven</td>
</tr>
<tr>
<td>&quot;Vision&quot; exists with concrete objectives on major markets expressed in qualitative terms</td>
</tr>
<tr>
<td>Vision on expansion, product improvement and integration, assets, geographic targets, overseas development and the upgrading of managerial strengths</td>
</tr>
</tbody>
</table>

The small size of the hotel chains could be seen as an influencing factor towards the non-existence of a formal plan. However, some of the formal planners have either the same number of units or even less. Another aspect which seems relevant in comparing formal and informal planners’ attitudes towards strategic planning is the common procedure by both types of company of producing a budget which is used as their guiding plan.
4.2.5. Strategic planning approach

In order to understand how strategy develops both groups (formal and informal planners) were asked about the strategic planning approach of their companies. In general, respondents define this approach as very much based on the definition of long term objectives centred around the allocation of resources (see Table 4.5 for details). The majority of the companies report an accurate segmentation of the business they are in and also the identification of the businesses they want to enter. An understanding of major competitors and the anticipation of their important moves is also reported. The majority also dynamically adapt their strategy to environmental changes, and recognise their strengths and weaknesses. The development of a long-term sustainable competitive advantage over key competitors is stated as being actively pursued.

A better understanding of the strategic planning approach of formal and informal planners can be gained by cross-comparing their answers. To achieve this, the existence of a formal strategic plan was the independent variable used to cross compare the answers from these two groups.

By comparing the answers given by each group some interesting situations emerge. In respect of the company purpose being defined in terms of long-term objectives, the differences between the two groups are not significantly different. The only aspect worth mentioning is the two answers by informal planners excluding the long term as the main concern for their companies. On the other hand, the answers to the statement *The company purpose is defined in terms of action programs*, show a different attitude from formal and informal planners. In fact, formal planners seem to rely more on action programs for their activities whilst the majority of informal planners are either neutral or disagree with the statement. This situation confirms the more formalised approach to planning reported by formal planners.

Resource allocation priorities are similarly important for both groups. This similar attitude also applies to the accurate segmentation of the business companies are in.
The answers here are exactly the same for the two groups revealing the same kind of concern.

When asked if the company identifies precisely the businesses it wants to enter, the two groups reacted differently. Whilst the majority of formal planners strongly agree, informal planners mainly agree, with one respondent from this group strongly disagreeing. This result suggests a greater concern by formal planners towards planning the future. This situation is basically confirmed in the answers to the statement *The company understands its major competitors*, where formal planners seem to understand their competitors better than informal planners do. Also evident from the answers to *The company tries to anticipate important competitors' moves*, is the stronger proactive attitude of formal planners. They not only understand their competitors better but also try to anticipate their actions. In the case of informal planners, 4 respondents are either neutral or disagree with the statement. The answers to the two previous statements as well as those given to *The company dynamically adapts its strategy to environmental changes*, with 3 informal planners being either neutral or disagreeing, denote a clearly distinct managerial attitude towards competition and the surrounding environment. The answers to these statements suggest a higher degree of environmental scanning engaged in by formal planners, which according to Poole (1990), is one of the main elements of formal strategic planning.

The lower level of analysis by informal planners is again reflected in the answers to the statement *The company recognises its strengths and weaknesses*, where 3 respondents are either neutral or disagree. A similar number of informal planners are also neutral or disagree with the statement *The company tries to develop a long-term sustainable advantage over its key competitors*. These results highlight the short term approach of some of these organisations. In terms of the answers given by formal planners, the majority of these express the concern for a long term approach towards competition and market. The answers to the last two statements deserve to be highlighted due to the importance of the managerial perspective involved in recognising company strengths and weaknesses, and in developing a long-term
competitive advantage. The analysis of these answers suggests a more dynamic managerial approach by formal planners and a higher level of strategic analysis. This may be seen as a result of strategic planning which, according to Stoner and Freeman (1986), leads to improved managerial and organisational performance.

### Table 4.5. Company's strategic planning approach

<table>
<thead>
<tr>
<th>Approaches to strategic planning</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FP</td>
<td>IP</td>
<td>FP</td>
<td>IP</td>
<td>FP</td>
</tr>
<tr>
<td>The company purpose is defined in terms of long-term objectives</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>The company purpose is defined in terms of action programs</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>The company purpose is defined in terms of resource allocation priorities</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>The company segments accurately the business it is in</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>The company identifies precisely the businesses it wants to enter</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The company understands its major competitors</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>The company tries to anticipate important competitors' moves</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>The company dynamically adapts its strategy to environmental changes</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>The company recognises its strengths and weaknesses</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>The company tries to develop a long-term sustainable advantage over its key competitors</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

### 4.2.6. Strategy making process

In terms of the strategy making process the strategy is formulated by the administration (Table 4.6). It is not widely communicated, and in most of the cases does not incorporate employees inputs. A consensus for the strategy is not looked for in half of the cases, and normally there is no process of negotiation amongst the main players. In most of the cases the strategy is based on a structured and formal process aimed at the precise specification of corporate, business and functional strategies. Despite having observed that the budget is the most common type of plan produced (section 4.2.1), respondents now give contradicting views by answering that the basis of strategy is more the analysis of current and projected market, social and economic trends and forecasts than the analysis of current and projected financial performance.
and preparation of new budgets. The strategic plan is updated annually and also when internal and external conditions require it. The strategic plan reviews market conditions, strategic goals and financial forecasts.

In comparing the strategy making process followed by formal and informal planners, further aspects can be highlighted. The majority of respondents in each group agree with the fact that the strategy is normally formulated by the administration. However, when asked if the strategy is openly and widely communicated internally to the organisation and externally to all relevant constituencies, the answers highlight a different reality. While formal planners mostly agree with this statement, informal planners either disagree or are neutral. Apparently, the fact that the strategy is written makes it easier to communicate either internally or externally. This aspect of communication is also seen by Gilbert and Lorange (1977) as a necessary condition for a successful strategic planning process.

Table 4.6. Company’s strategy making process

<table>
<thead>
<tr>
<th>Strategy making process</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy is formulated by the administration</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Strategy is openly and widely communicated internally to the organisation and externally to all relevant constituencies</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Strategy is formulated using inputs from employees in different positions and then ratified by the board</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Strategy is developed in such a way as to achieve a wide consensus for the actions to be undertaken</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Strategy is based on a structured and formal process aimed at the precise specification of corporate, business and functional strategies</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Strategy is based on a process of negotiation amongst all the main players</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>The basis of strategy is the analysis of current and projected financial performance and the preparation of new budgets</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>The basis of strategy is the analysis of current and projected market, social and economic trends and forecasts</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>The strategic plan is updated annually</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>The strategic plan is updated as and when internal and external conditions require it</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>The strategic plan contains mainly financial forecasts</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>The strategic plan reviews market conditions, strategic goals and financial forecasts</td>
<td>1</td>
<td>6</td>
<td>6</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
Answers to the statement *Strategy is formulated using inputs from employees in different positions and then ratified by the board* reflect a rather different situation from that expected, following the answers regarding the communication of strategy. While only 2 formal planners agree with it and 3 disagree, the figures for the informal planners are 4 respondents agreeing and 2 disagreeing, showing a more participative strategy making process by informal planners. The involvement of lower levels in the strategic planning process is another necessary condition for its success (Gilbert and Lorange 1977).

Answers to the statement *Strategy is based on a structured and formal process aimed at the precise specification of corporate, business and functional strategies*, can be seen as a general confirmation to the question on the existence of a strategic plan. In fact, formal planners show concern for the structure and formal process of strategy making at all levels of the organisation. On the other hand, informal planners confirm their non-adoption of this step-by-step approach to strategy making. However, strategy is important for organisations and as such, its formulation should be managed and not left to chance (Hofer and Schendel 1978). As seen by these authors, this formalised way of formulating strategies would not only aid in the development of goals and objectives, but also in the allocation of strategic resources and in the integration of the diverse activities of the organisation.

In relation to the strategy being based on a process of negotiation amongst all the main players, it is interesting to note the similar type of response by both groups. Despite the fact that formal planners communicate their strategy and look for a consensus for the actions to undertake, and informal planners use inputs from employees in different positions, the majority of the answers are of disagreement or neutrality. This situation supports the view that the strategy is mostly defined by the administration, which, despite the differences in processes used, makes the end result very similar, a strategy developed and somehow imposed by the administration.
Apparently, the more formal the strategy making process, the more it is based on financial analysis and budgets. It seems that the non-existence of a formal strategic plan allows the use of other types of information and concerns besides the financial and budgeting aspects. This is partly confirmed by the answers to the statement *The basis of strategy is the analysis of current and projected market, social and economic trends and forecasts*. Informal planners appear to be more concerned with areas such as the market, society and economy. However, it is clear that either the strategic plan or the non-written strategy encompass more than just financial forecasts. This is further confirmed by the positive answers to the statement *The strategic plan reviews market conditions, strategic goals and financial forecasts*, so expressing the other areas of concern for companies in both groups under analysis. These concerns are in accordance with the characteristics of formal strategic planning as expressed by Poole (1990) and Stoner and Freeman (1986).

Despite not having a strategic plan, 3 informal planners still answer as doing the update of their ‘plan’ annually. A possible explanation is that they revise their ‘strategy’ / ‘non-written plan’ / ‘vision’ periodically as if it was a formal written plan. This can be seen as further confirmed by the positive answers given to the next statement *The strategic plan is updated as and when internal and external conditions require it*. A similar pattern of response is presented by both groups which shows that informal planners see their informal strategy making process as something that can and has to be revised to incorporate internal and external influences.

**4.2.7. Decision making process**

The decision making process can be seen as following an opportunity driven approach. The companies’ decisions are mainly about operational issues, and can be seen as more related to opportunity creation than problem solving. Another important aspect about their decisions is that in most cases these are made informally by senior/middle management. (See Table 4.7 for more details).
From a further analysis of Table 4.7, with the comparison of answers from formal planners and informal planners, other aspects can be highlighted. For instance, the majority of formal and informal planners agree with the fact that their decisions are frequent, opportunistic and market oriented. Both groups behave similarly despite the existence or not of a formal strategic plan. This situation can be seen as a result of the growing amount of information available which affects the pace at which decisions need to be made (Maljers 1990).

**Table 4.7. Company’s decision making process**

<table>
<thead>
<tr>
<th>Decision making process</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FP  IP</td>
<td>FP  IP</td>
<td>FP  IP</td>
<td>FP  IP</td>
<td>FP  IP</td>
</tr>
<tr>
<td>The decisions are frequent, opportunistic and market oriented</td>
<td>1   2</td>
<td>5   4</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>The decisions are mainly about operational issues</td>
<td>2   2</td>
<td>3   1</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>The decisions are mainly about strategic issues</td>
<td>1   1</td>
<td>2   1</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>The decisions are more related to problem solving than opportunity creation</td>
<td>1   2</td>
<td>2   1</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>The decisions are more related to opportunity creation than problem solving</td>
<td>1   1</td>
<td>3   4</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Most operational decisions are made by senior/middle managers acting individually or in small informal groups</td>
<td>3   3</td>
<td>3   1</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Most operational decisions are made in formal meetings</td>
<td>1   3</td>
<td>1   1</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

When asked if their decisions are mainly about operational issues, differences between the two groups emerge. Despite the fact that both are opportunistic and market oriented, the issues which they deal with are basically different. The majority of the informal planners agree with the fact that their decisions are mainly about operational issues, while formal planners disagree with it. This situation may reflect a shorter term view held by the former group. By comparing the answers to these statement with those given to the statement *The decisions are mainly about strategic issues*, it seems that informal planners’ decisions are mainly about operational issues while formal planners do not show a clear pattern of behaviour. In this group the majority disagree with the statement that decisions are mainly about operational issues and only 3 respondents agree that their decisions are mainly about strategic
issues. In respect of informal planners, 5 respondents are neutral about this last statement which may reflect the operational characteristics of decisions.

The majority of the respondents in both groups agree that their decisions are more related to opportunity creation than problem solving. However, for some respondents in both groups their decisions are more related to problem solving than opportunity creation. Despite the majority of the respondents agreeing with the statement that decisions are more related to opportunity creation there is not a clear tendency as 3 informal planners are more focused on problem solving and the same number of formal planners either disagree or are neutral about their decisions being mainly about opportunity creation. These answers suggest a hybrid behaviour when a concern for problem solving is held together with one for opportunity creation.

It seems that the process of decision making by informal planners is essentially an informal process, with most operational decisions made by senior/middle managers acting individually or in small informal groups. Formal planners’ answers, however, show a mixed situation with the respondents divided between agreeing and disagreeing with the statement. There is not a clear pattern among formal planners in terms of who makes the decisions, however, some decisions are made informally. The answers to the statement *Most operational decisions are made in formal meetings*, make clear that informal planners’ decision making process is mostly informal while formal planners show a tendency towards formal decision making. The situation of strategic decision making reported by both formal and informal planners, can be clarified and understood if we consider Johnson and Scholes’ (1993) views on how strategic decisions are made, with managers looking for ready-made solutions through memory search. This reflects the informality of strategic decisions even if taken at formal meetings.
4.2.8. Definition of goals and objectives

Hotel chains' goals and objectives

According to respondents the definition of goals and objectives takes place at meetings either between the administration and the hotel managers or between these and the department directors. The most important area in terms of defining objectives is the market, and a great deal of these evolve around a budget for the coming year (see Table 4.8 for details).

Table 4.8. Hotel chains' definition of goals and objectives

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of budget and marketing plan by the respondent with support of other directors</td>
<td></td>
</tr>
<tr>
<td>Financial and budget objectives are defined formally</td>
<td></td>
</tr>
<tr>
<td>By the administration after consulting managers</td>
<td></td>
</tr>
<tr>
<td>Respondent's proposal of budget action plan for the coming year</td>
<td></td>
</tr>
<tr>
<td>Meetings with administration and board of directors (broad objectives)</td>
<td></td>
</tr>
<tr>
<td>Informal plan between administration and directors based on the annual plan</td>
<td></td>
</tr>
<tr>
<td>Translation of strategic plan into a plan of actions</td>
<td></td>
</tr>
<tr>
<td>Each hotel general director defines his own objectives</td>
<td></td>
</tr>
<tr>
<td>Meetings with operations director based on the proposed action plan</td>
<td></td>
</tr>
<tr>
<td>Meetings by department (to define the details)</td>
<td></td>
</tr>
<tr>
<td>Meetings to define goals for hotel units based on results from administration/directors' meeting</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal administration meetings (strategic issues)</td>
<td></td>
</tr>
<tr>
<td>Formal monthly meetings with members of staff (head office and operations)</td>
<td></td>
</tr>
<tr>
<td>Based on reduction of fixed costs with personnel and electricity to achieve maximum profit</td>
<td></td>
</tr>
<tr>
<td>No objectives defined due to company's financial situation</td>
<td></td>
</tr>
<tr>
<td>An analysis of the financial and market situations is made</td>
<td></td>
</tr>
<tr>
<td>Formal operational meetings (operational issues)</td>
<td></td>
</tr>
<tr>
<td>Commercial decisions focused on the incentives/business and congresses segments</td>
<td></td>
</tr>
<tr>
<td>Objectives defined as a function of the company and the market</td>
<td></td>
</tr>
<tr>
<td>Marketing plan covering market penetration and segmentation objectives, and pricing targets</td>
<td></td>
</tr>
<tr>
<td>Objectives defined in meetings with hotel general managers and department managers</td>
<td></td>
</tr>
</tbody>
</table>

There seems to be a certain degree of formality in the way both groups conduct their process of defining goals and objectives when this is centred around the budget and marketing plan. In the case of formal planners, the activities involved in the definition of goals and objectives are very similar to those reported in the production of the strategic plan and the short term is again the priority. In fact, both groups report essentially on aspects related to objectives as short term operational targets.
(Poole 1990), with only one informal planner referring to the definition of strategic issues.

**Hotel units' goals and objectives**

In terms of the goals and objectives for hotel units these are defined between the administration and the hotel general directors. Normally the administration defines objectives and goals for the whole group and the achievement of these and the intermediate steps are carried out by each hotel manager. The main idea is to achieve "group synergy". As stated by several respondents from both groups, the degree of freedom to create within these limits is quite restricted as the "tight budget constraints do not allow great variances". (See Table 4.9 for details).

As is the case with the definition of objectives and goals for the hotel chains, the definition of objectives and goals for the individual units is very similar between the two groups under investigation.

**Table 4.9. Hotel units' definition of goals and objectives**

<table>
<thead>
<tr>
<th><strong>Formal Planners</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office provides lines of orientation</td>
<td></td>
</tr>
<tr>
<td>Through a plan defined with hotel managers</td>
<td></td>
</tr>
<tr>
<td>Defined for all units and objectives and policies are common</td>
<td></td>
</tr>
<tr>
<td>Formal meetings by presidents and group directors (macro level)</td>
<td></td>
</tr>
<tr>
<td>Defined in the budgeting process which occurs every year</td>
<td></td>
</tr>
<tr>
<td>General definition of objectives and goals for different units by administration</td>
<td></td>
</tr>
<tr>
<td>Interaction between general director for hotel sector and hotel managers</td>
<td></td>
</tr>
<tr>
<td>Area division manager gives the guidelines to regional manager</td>
<td></td>
</tr>
<tr>
<td>Annual planning meeting (concerning the coming year)</td>
<td></td>
</tr>
<tr>
<td>Based on specifications by geographical area, economic situation, level of employment and type of customer</td>
<td></td>
</tr>
<tr>
<td>Hotel managers define own objectives within the boundaries established by the administration</td>
<td></td>
</tr>
<tr>
<td>Hotel managers with operations director (micro level)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Informal Planners</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels treated as a multi-complex working towards the same end</td>
<td></td>
</tr>
<tr>
<td>Based on management information</td>
<td></td>
</tr>
<tr>
<td>Defined as a whole (all units)</td>
<td></td>
</tr>
<tr>
<td>By sector managers with the agreement of hotel managers</td>
<td></td>
</tr>
<tr>
<td>Segmentation by hotel geographical markets</td>
<td></td>
</tr>
<tr>
<td>Annual budgeting process</td>
<td></td>
</tr>
<tr>
<td>Hotel manager defines own objectives and goals and discuss them with finance and area directors</td>
<td></td>
</tr>
<tr>
<td>Projections and forecasts concerning next month</td>
<td></td>
</tr>
<tr>
<td>Achieving group synergy</td>
<td></td>
</tr>
<tr>
<td>Marketing plan covering market penetration and segmentation objectives, and pricing targets</td>
<td></td>
</tr>
<tr>
<td>Defined according to segment where hotel operates</td>
<td></td>
</tr>
<tr>
<td>Administration and hotel managers</td>
<td></td>
</tr>
</tbody>
</table>
Actions taken to achieve objectives

From the answers in Table 4.10 it can be said that the main actions taken to achieve company objectives are reactive actions. In fact, the most common procedure is to analyse the results and to propose corrective or remedial measures. The actions taken by formal and informal planners are very similar. The lack of a formal strategic plan does not however lead to different attitudes when it comes to ensuring that company objectives are achieved. This is in opposition to what Stoner and Freeman (1986) regard as the right step after the objectives have been defined, which is to plan the actions involved in the process of reaching the objectives. From the answers provided the planning of this actions is largely missing from the organisations studied.

Table 4.10. Actions taken to achieve objectives

<table>
<thead>
<tr>
<th>Formal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant analysis of results to correct on time possible distortions from the objectives</td>
</tr>
<tr>
<td>Variance monitoring</td>
</tr>
<tr>
<td>All kinds of control actions</td>
</tr>
<tr>
<td>Quarterly meetings with hotel general directors and area operations director</td>
</tr>
<tr>
<td>Careful and precise management activity</td>
</tr>
<tr>
<td>Monthly reports produced by each hotel</td>
</tr>
<tr>
<td>Management control and frequent corrective actions</td>
</tr>
<tr>
<td>Positive action plans developed as a result of monitoring (marketing, human resources and training)</td>
</tr>
<tr>
<td>Informal visits by area operations director to assess hotel performance</td>
</tr>
<tr>
<td>Action plans, budget assessment and corrective measures taken</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial and professional training actions and acquisition of new human resources</td>
</tr>
<tr>
<td>Constant analysis of company results</td>
</tr>
<tr>
<td>Daily, weekly and monthly analyses of information reports on bookings, accounting maps and F&amp;B costs</td>
</tr>
<tr>
<td>Marketing action</td>
</tr>
<tr>
<td>Control of financial and commercial objectives based on historical and budget</td>
</tr>
<tr>
<td>Set and monitor objectives</td>
</tr>
<tr>
<td>Operational actions by hotel general directors</td>
</tr>
<tr>
<td>Law department for receiverships</td>
</tr>
<tr>
<td>Daily actions taken to correct distortions identified</td>
</tr>
<tr>
<td>Based on previous analysis decisions are made and actions taken accordingly</td>
</tr>
<tr>
<td>Take remedial actions when negative variances arise</td>
</tr>
<tr>
<td>Management information analysis</td>
</tr>
<tr>
<td>Assessment of main clients' degree of satisfaction</td>
</tr>
</tbody>
</table>

4.2.9. Key players defining goals and objectives

The key players involved in defining company objectives and goals are normally at the corporate level and in most of the cases it is the administration who is responsible
for it (see Table 4.11 for details). Other managers are involved in this operation but according to the respondents' comments their position is more to do with providing information for budgeting and decision making at the top than to define any objectives. However, hotel managers and other middle managers do have power to make some decisions even though these can hardly be defined as strategic.

Again both groups present a very similar structure in terms of the players involved in the definition of objectives and goals, with the administration playing the most important role. The idea that corporate strategy should build upon the strategies at lower levels (Johnson and Scholes 1993) can be questioned according to respondents comments. It can be said that the approach amongst the organisations studied is a top-down approach.

### Table 4.11. Key players defining goals and objectives

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Co-presidents</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Board of directors</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Area directors</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Hotel managers</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Department directors</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>6</td>
</tr>
<tr>
<td>Chairman of the board</td>
<td>1</td>
</tr>
<tr>
<td>Board of directors</td>
<td>1</td>
</tr>
<tr>
<td>Group directors</td>
<td>3</td>
</tr>
<tr>
<td>Hotel sector director</td>
<td>1</td>
</tr>
<tr>
<td>Area directors</td>
<td>2</td>
</tr>
<tr>
<td>Hotel managers</td>
<td>4</td>
</tr>
<tr>
<td>Department directors</td>
<td>6</td>
</tr>
</tbody>
</table>

### 4.2.10. Sectors evaluated and methods used to assess company performance

#### Sectors used to assess company performance

All sectors are reported as being analysed to assess company performance, however, the F&B (Food and Beverage) and the rooms sector seem to deserve special attention due to their importance for any hotel (see Table 4.12 for details).
Table 4.12. Sectors evaluated to assess company performance

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors</td>
<td>All sectors</td>
<td>Sales and marketing sectors</td>
</tr>
<tr>
<td>F&amp;B sector</td>
<td>F&amp;B sector</td>
<td>Rooms sector</td>
</tr>
<tr>
<td>Financial and market sectors (strongly)</td>
<td>Purchasing and maintenance sectors</td>
<td></td>
</tr>
<tr>
<td>Rooms sector</td>
<td>Financial sector</td>
<td></td>
</tr>
</tbody>
</table>

The situation reported by formal and informal planners is again very similar. Despite the different designations sometimes given to the same function, the concerns shown are quite the same: F&B, market and rooms. The evaluation of the purchasing and maintenance sectors to assess company performance suggest a strong reliance on cost analysis and reduction by some informal planners. This concern is also reflected in the definition of goals and objectives by some respondents in the same group (Table 4.8).

Methods used to assess company performance

As shown in Table 4.13, the analysis of results and comparison with last year’s and budget is a common practice. The reservations daily checks, the sector’s performance and the analysis of accounting information are also used.

Table 4.13. Methods used to assess company performance

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector’s performance</td>
<td></td>
</tr>
<tr>
<td>Analysis of information on bookings</td>
<td></td>
</tr>
<tr>
<td>Directors committee meeting to analyse previous day results and compare with previous month and budget</td>
<td></td>
</tr>
<tr>
<td>Periodic visits to hotel units</td>
<td></td>
</tr>
<tr>
<td>Questionnaire and direct contact with customers to customers</td>
<td></td>
</tr>
<tr>
<td>Analysis of negative variances in management control exercises</td>
<td></td>
</tr>
<tr>
<td>Internal and external audits</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly reports to analyse and control the achievement of results and objectives</td>
<td></td>
</tr>
<tr>
<td>Analysis of uniform system of accounts' results</td>
<td></td>
</tr>
<tr>
<td>Daily analysis of management information</td>
<td></td>
</tr>
<tr>
<td>Analysis of statistics</td>
<td></td>
</tr>
<tr>
<td>Comparing information with budget and previous results (internally) and competition results (externally)</td>
<td></td>
</tr>
<tr>
<td>Reservations daily checks and analysis of commercial maps</td>
<td></td>
</tr>
</tbody>
</table>
If we compare the methods used by both groups to assess company performance, formal planners include customers in their assessment, whilst informal planners rely heavily on accounting information. The inclusion of information on customers in formal planners' performance assessment suggests other concerns besides the accounting figures.

4.3. ENVIRONMENTAL SCANNING ACTIVITIES

The second major area investigated in this research relates to the environmental scanning activities of the hotel chains operating in Portugal. In order to identify respondents scanning activities several questions were asked. These covered those factors seen as most influencing company performance, the processes and sources used to scan these factors and the person responsible for the scanning activity. The findings are now presented, discussed and related to the broad area of study.

4.3.1. Factors influencing company's performance

To identify the most important factors influencing hotel chains' activities, respondents were asked to identify the top five factors seen as most influencing their company performance both in the short term and the long term. The factors presented to respondents for selection are those contained in the questionnaire in Appendix C (Part II/Q1). From the factors presented, respondents were asked to select 5 and rank them from 1 (the most important) to 5 (the least important). The same operation was repeated for the short and long term. The top five factors ranked by respondents as most influencing their companies in the short and long term are those given in Table 4.14.

The top five factors ranked by respondents as most influencing their companies in the short term denote a greater concern for aspects related with the task (operational) environment (factors 1 and 2), even though aspects from the general environment are also pointed out. The two most important factors are directly related to the areas
where organisations can exert some influence. The factors selected for the short term are also more specific than those selected for the long term. These factors impact strongly on the company operations, so they seem to deserve the highest attention. According to Daft et al. (1988), these factors from the task and general environments are expected to influence scanning and other organisational activities due to the uncertainty they may pose to the organisation.

Table 4.14. *Top five factors affecting company performance*

<table>
<thead>
<tr>
<th>Short term factors</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitor pricing strategies</td>
<td>Competitor pricing strategies</td>
</tr>
<tr>
<td>Current customer needs</td>
<td>Current customer needs</td>
</tr>
<tr>
<td>Inflation</td>
<td>National economic performance</td>
</tr>
<tr>
<td>National economic performance</td>
<td>Inflation</td>
</tr>
<tr>
<td>Interest rates</td>
<td>New legislation / regulation affecting the sector</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long term factors</th>
<th>Formal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future changes in customer needs and trends</td>
<td>Future changes in customer needs and trends</td>
</tr>
<tr>
<td>National economic performance</td>
<td>Potential entrance of new competitors</td>
</tr>
<tr>
<td>New legislation / regulation affecting the sector</td>
<td>Cost of investment</td>
</tr>
<tr>
<td>Changing social patterns and behaviour</td>
<td>National economic performance</td>
</tr>
<tr>
<td>Development of new product / services by competitors</td>
<td>Competitor pricing strategies</td>
</tr>
</tbody>
</table>

For the short term the factors selected by both groups are virtually the same with the exception of the last factor where formal planners are more concerned with interest rates and informal planners with new legislation/regulation affecting the sector.

Two factors are seen by the respondents as not having any influence on their company’s performance in the short term. These are: change in government, and new technological developments. The reasons given by the respondents for not choosing the first factor were the lack of probability of a sudden loss of democracy as only this would affect their activities. In respect of the second factor, they seem to be very much dependent on the information provided by suppliers, and as they do not play any active role in developing new technologies, they simply are not concerned about them.

The top five factors ranked by respondents as most influencing their companies in the long term, mostly factors from the general environment, show their concern for those
aspects which they cannot influence. In the long term again two factors were not selected: government change, and current customer needs. For the first factor the same reasons as for the short term were given. For the second factor some companies said that they were fulfilling all of their customers needs, while others could not see any influence of the current needs in their companies’ long term activity.

In the long term, the formal planners and informal planners’ approach is not so similar as in the short term. Informal planners seem quite concerned with competition and economy, whilst formal planners denote a more generalised concern for areas such as economy, political and regulatory, society and competition.

The importance of the general environment requires a greater degree of attention than the operational environment as underlined by Fahey and King (1977). This, however, is not reflected in respondents’ answers. Those factors more related to the operational environment seem to be the priority in terms of attention. Also suggested by the answers given is a partial ‘inside-out’ perspective adopted by respondents, where the companies only look for some elements in the outside environment as their view is constrained by the internal influences of the organisation.

4.3.2. Formality of the scanning activity by factor

After the factors influencing the company performance were identified, respondents were asked about the processes used to scan these factors. The processes mentioned in the questionnaire were: formal process - where the information is collected formally through an organised activity; and informal process - where the information is collected informally without any structured effort. For those situations where none of the above processes where followed respondents could simply answer none, meaning that no process was used or no scanning was conducted.

The factors identified as being scanned formally seem to have an important characteristic in common which is the ease of access to the sources providing
information on those factors (see Table 4.15 for details). If we analyse the sources used to collect information on each of the factors we have: in respect of the new legislation/regulation affecting the sector, the information is available through governmental publications which are regularly published and subscribed by the companies in the sample and almost all organisations in the country. For the current cost/availability of raw materials, the information is provided by suppliers by means of lists of prices and specifications. The economic and financial information is provided by banks and other investment companies by means of periodic reports or proposals of investment. Finally, the information on customer needs is collected through in-house questionnaires to customers, administered and analysed by the hotel staff.

The fact that the factors scanned formally are related to the source accessibility is particularly evident when these are compared with the factors scanned informally. Information on most of the latter factors can only be obtained through market research. In terms of those factors simply not scanned, in some cases they are not seen as having any influence on the company's operations and in other cases it is difficult to obtain information about them. Relevant factors such as changing social patterns and behaviour, re-enforcement of trade actions by competitors, and potential entrance of new competitors, are not scanned by some companies.

<table>
<thead>
<tr>
<th>Factors scanned formally</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>New legislation / regulation affecting the sector</td>
<td>Current cost/availability of raw materials</td>
</tr>
<tr>
<td>Current cost/availability of raw materials</td>
<td>New legislation / regulation affecting the sector</td>
</tr>
<tr>
<td>Cost of investment</td>
<td>Interest rates</td>
</tr>
<tr>
<td>Inflation</td>
<td>Cost of investment</td>
</tr>
<tr>
<td>Current customer needs</td>
<td>Current customer needs</td>
</tr>
</tbody>
</table>

Table 4.15. Top five factors scanned formally and informally

<table>
<thead>
<tr>
<th>Factors scanned informally</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of new product / services by competitors</td>
<td>Re-enforcement of trade action by competitors</td>
</tr>
<tr>
<td>Government change</td>
<td>Development of new product / services by competitors</td>
</tr>
<tr>
<td>National economic performance</td>
<td>Future changes in customer needs and trends</td>
</tr>
<tr>
<td>Re-enforcement of trade action by competitors</td>
<td>Potential entrance of new competitors</td>
</tr>
<tr>
<td>Changing social patterns and behaviour</td>
<td>Changing social patterns and behaviour</td>
</tr>
</tbody>
</table>
One of the most important areas influencing company performance, competition, is scanned informally by both formal and informal planners, and the main factor they perceive as affecting company in the short term, competitor pricing strategies, is not even ranked amongst the top five scanned.

If we compare the formality of approach by formal and informal planners in scanning the different factors, the differences are minimal. It seems that the existence of a formal strategic plan does not influence profoundly the formality of the scanning activity. On the other hand, the non-existence of a formal plan does not limit the scanning to an informal process.

The level of formal scanning reported is in accordance with the findings of previous studies on environmental scanning in the hospitality and other sectors/industries (Olsen et al. 1994; Fahey et al. 1983). According to these authors, this can be seen as a result of managers being too concerned with the short term and for this reason their main goals is to get information about the economy, financing and customer needs and wants.

4.3.3. Frequency of formal information collection

In terms of the frequency of the factors scanned formally, those scanned weekly are the ones affecting the daily operations of the company, and can be seen as having the most short term effect on the company performance (see Table 4.16 for details). Factors such as current customer needs and current cost availability of raw materials are seen as fundamental for the hotel operation, being also part of those scanned formally (see Table 4.15). In comparing the factors scanned weekly by formal and informal planners, the situation is again very similar with formal planners also looking at competition and informal planners scanning the new legislation/regulation affecting the sector.

In relation to the factors scanned monthly, both groups cover a wide range of areas, from inflation to competition, change in customer needs, new legislation and
regulation, and cost availability of raw materials. Informal planners look for the same kind of information as formal planners with the exception of inflation which they replace by current customer needs.

In the factors scanned four times a year, formal planners have a more varied concern, looking for information on competition, economic and social aspects, whilst the factors scanned by informal planners reflect a high concentration on economic and competition aspects.

**Table 4.16. Frequency of formal information collection**

<table>
<thead>
<tr>
<th>Top five factors scanned weekly</th>
<th>Top five factors scanned monthly</th>
<th>Top five factors scanned 4x year</th>
<th>Top five factors scanned 1x year</th>
<th>Top five factors never scanned formally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current customer needs</td>
<td>Competitor pricing strategies</td>
<td>Competitor pricing strategies</td>
<td>New technological developments</td>
<td>Government change</td>
</tr>
<tr>
<td>Current cost/availability of raw materials</td>
<td>Future changes in customer needs and trends</td>
<td>New legislation/regulation affecting the sector</td>
<td>Future changes in customer needs and trends</td>
<td>Cost of investment</td>
</tr>
<tr>
<td>National economic performance</td>
<td>Traditional performance</td>
<td>National economic performance</td>
<td>Government change</td>
<td>Changing social patterns and behaviour</td>
</tr>
<tr>
<td>Interest rates</td>
<td>Interest rates</td>
<td>Interest rates</td>
<td>Cost of investment</td>
<td>Cost of investment</td>
</tr>
<tr>
<td>Development of new product/services by competitors</td>
<td>Competition pricing strategies</td>
<td>Competition pricing strategies</td>
<td>New legislation/regulation affecting the sector</td>
<td>Changing social patterns and behaviour</td>
</tr>
</tbody>
</table>

In the list of the factors scanned once a year, informal planners report the scanning of essentially those related to the general environment (political, economic and social), and formal planners report the scanning of customers and competition besides other factors from the external environment (technology, economy and society).
majority of the factors seen by some respondents as only scanned once a year have been reported by others as scanned more frequently (this situation applies to respondents in both groups).

In regard to the factors seen as never formally scanned, the majority of them are common to both groups. In the case of formal planners the areas not covered include political, economic, social and competition. In the informal planners’ case the areas are very similar with technology replacing the economic area. There is no clear pattern in the factors reported as never scanned formally and some of them are even reported by other respondents in the same group as formally scanned. As an example, the development of new products/services by competitors is weekly scanned by some formal planners and never scanned by others. Informal planners, however, reflect a more clear pattern of response with the majority of the factors reported as never scanned also not previously mentioned.

The similarities between formal and informal planners and the dissimilarity of answers within the same group suggest other reasons influencing the frequency of scanning by factors besides the formality of the planning approach. Olsen et al. (1992) recognise the fact that much of the information processed by managers during scanning is difficult to evaluate quantitatively. As argued by these authors, the lack of a long term perspective and a commitment to immediate results can also affect the frequency and formality of the scanning activity.

4.3.4. Methods used to scan the environment

In order to understand respondents’ scanning activities they were asked about the methods used to scan the environment and if these were formal or informal. To facilitate their task the environment was divided into five large areas covering the factors used in the previous questions. These areas are: national economic conditions, political and government conditions, social conditions, market conditions, and technological conditions. In the questionnaire the category Other was included to allow respondents to comment on other areas perceived as important.
With some exceptions the scanning methods reported by formal and informal planners are very similar either for formal or informal scanning (see Table 4.17). These methods consist mostly of reading the printed information on each of the areas under analysis, talk to friends and professionals in the sector, and analysing the information provided by the head office (when there is one).

In regard of formal methods, the order of importance of the methods used is different between the comparison groups. The use of market research companies by formal planners to get additional information is an important aspect. Informal planners also rank highly the formal contact with friends and professionals in the sector. Informally, the methods reported by both groups are very similar and can be seen as very much the personal activity of the respondent.

### Table 4.17. Scanning methods

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Formal</strong></td>
<td><strong>Informal</strong></td>
</tr>
<tr>
<td>Analysis of printed information (news media and magazines)</td>
<td>Talking to friends and professionals in the sector</td>
<td></td>
</tr>
<tr>
<td>Market research by specialised companies</td>
<td>Analysis of National Institute of Statistics information</td>
<td></td>
</tr>
<tr>
<td>Analysis of information provided by suppliers</td>
<td>Analysis of printed information (news media and magazines)</td>
<td></td>
</tr>
<tr>
<td>Visits to national and international trade shows</td>
<td>Analysis of the Diary of the Republic (laws and regulations)</td>
<td></td>
</tr>
<tr>
<td>Analysis of tourism statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Informal</strong></td>
<td></td>
</tr>
<tr>
<td>Analysis of printed information (news media and magazines)</td>
<td>Analysis of printed information (news media and magazines)</td>
<td></td>
</tr>
<tr>
<td>Analysis of information resulting from membership in social and professional organisations</td>
<td>Talking to friends and professionals in the sector</td>
<td></td>
</tr>
<tr>
<td>Watch TV</td>
<td>Analysis of information resulting from membership in social and professional organisations</td>
<td></td>
</tr>
<tr>
<td>Analysis of information provided by the head office</td>
<td>Analysis of information provided by hoteliers and other business partners</td>
<td></td>
</tr>
<tr>
<td>Talking to friends and professionals in the sector</td>
<td>Watch TV</td>
<td></td>
</tr>
</tbody>
</table>

The methods used formally and informally are not very different. For the national economic conditions a formal planner reported a formal system of checking information from the different sources - magazine system check. For the political and government conditions a situation was reported by a formal planner where an outside
consultant advises on relevant aspects. One respondent also reported a situation where a person is in charge of checking information and highlighting important aspects. For the formal scanning of the social conditions, besides using the methods presented in Table 4.17, both formal and informal planners also analyse the information provided by contracted professional training companies and use questionnaires to clients. Informally, respondents in both groups use their travel experience to be aware of changes in this area. Market conditions are by far the most comprehensively covered. To formally scan this area, formal and informal planners visit the major exhibitions in their field, analyse information obtained through market research and other information provided by business partners and competitors. In terms of informal scanning, some informal planners also make ‘undercover visits to competitors’, and conduct ‘informal studies on market conditions’ (none of these situations were fully explained). The technological conditions area is the area receiving less attention by both groups and the analysis of the methods used show a lack of a proactive attitude towards getting information about it. Formally it is worth mentioning the analysis of information provided by suppliers and the visits to national and international shows, and informally, the analysis of information provided by a ‘specialised company of the group’.

The methods reported are very similar to those found by West and Olsen (1989) in their study into the hospitality industry. West and Olsen found that most companies had an informal scanning process and relied on inputs about the environment from other members of staff, market research information or interaction with managers of other companies at professional and trade association meetings.

The methods used by respondents can also be seen as reflecting a conditioned viewing and informal search where:

- the exposure to information is direct and active;
- the purpose of scanning is to signal a warning and to look for specific information;
the recognition of the relevance of data is accomplished through a sensitive attitude to particular kinds of data and by acting in a way that may improve the chances of finding the desired information. (Aguilar 1967).

4.3.5. Analysis and dissemination of information

Analysis of information
The type of analysis carried out on the information collected is normally simplistic (see Table 4.18). The exception was one case where the analysis was supported by computer. Another aspect worth of notice is the fact that some respondents did not answer the question precisely, sometimes they mention who does the analysis and not how it is done. From the behaviour of the respondents during the interviews it looked like some of them did not know the answer but would not admit it, and in other cases, the respondents tried to avoid a straight answer.

By analysing the answers from the comparison groups it is apparent that formal planners use a more varied range of processes, whilst informal planners rely basically on the administration, the respondent and generally in each person receiving information. The answers given reflect the absence of a comprehensive and structured analysis covering the different areas. The analyses reported are very limited and only focused on financial and commercial aspects.

<table>
<thead>
<tr>
<th>Table 4.18. Analysis of information</th>
</tr>
</thead>
</table>
| **Formal Planners** | • Analysis and summary of situation by the respondent's assistant  
|                      | • Each person receiving information makes his own analysis  
|                      | • Analysed by the respondent  
|                      | • Analysis of guest questionnaires  
|                      | • Analysis of information on market, occupancy rates and market penetration  
|                      | • By comparison with last year's results and budget  
|                      | • Analysed by the administration  
|                      | • Producing tables and comparing the information  
|                      | • Computer based statistical analysis through ratios and occupancy rates |
| **Informal Planners** | • Each person receiving information makes his own analysis  
|                      | • Analysed by the respondent  
|                      | • Analysed by the administration |
Dissemination of information

In terms of disseminating the information, this is done mainly through meetings and reports both by formal and informal planners (see Table 4.19 for details). Another important aspect suggested by respondents is the restricted dissemination. In some cases the information is disseminated only to some members of staff and just in certain circumstances. It is also apparent from some of the answers given by informal planners that in certain cases the dissemination is carried out informally.

The analysis and dissemination of information (individual analysis and restricted dissemination) suggest a lack of interaction and communication between those receiving, analysing and disseminating the information. According to Segev (1977), this can be seen as the main reason for the 'malfunctions of the process' of environmental scanning. Further reasons for a defective environmental scanning process are the undirected scanning efforts, the fact that these are not partitioned amongst members of staff, and the lack of a storing and retrieving process for the information scanned (Aaker 1983).

Table 4.19. Dissemination of information

<table>
<thead>
<tr>
<th>Formal Planners</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Only in certain situations</td>
<td>• In special meetings to discuss important information</td>
</tr>
<tr>
<td>• Council of directors</td>
<td>• Memos to members of staff involved in the area of concern</td>
</tr>
<tr>
<td>• Reports to the administration</td>
<td>• Orally communicated to members of staff responsible for area</td>
</tr>
<tr>
<td>• Memos to members of staff involved in area of concern</td>
<td>• To staff working with respondent and section managers</td>
</tr>
<tr>
<td>• Meetings with hotel general managers</td>
<td>• Standardised information maps to administration and zone directors</td>
</tr>
<tr>
<td>• Hotel general managers meetings with their staff</td>
<td>• Central file with information provided by administration to people responsible for each area</td>
</tr>
<tr>
<td>• Limited distribution of reports to departments involved in specific aspects</td>
<td>• To each unit according to the importance of information for that unit</td>
</tr>
</tbody>
</table>
4.3.6. Classification, uses and type of scanning sources

Classification of scanning sources
In order to further characterise respondents' scanning activities they were asked about the sources normally used to gain relevant information for their management activities, if these sources were internal or external to the company, personal or impersonal (personal being face-to-face or telephone conversations, and impersonal being publications, reports, etc.) and if they were used formally or informally. According to respondents the most important sources/processes used for their information collection activities are:

- personal informal
- internal formal
- external informal
- external formal
- impersonal informal

The selection of these sources reflects the importance of informal relationships developed by the respondents. The sources used for information collection confirm the relevance given to friends and other professionals and the extensive use of printed information as ways to keep hoteliers informed on aspects of their business environment. From the above sources the three most commonly used by formal and informal planners are:

1. internal formal
2. external informal
3. personal informal

Uses of scanning sources
The internal formal sources are mainly used, both by formal and informal planners, for internal information collection to support internal activities and decision making (see Table 4.20 for details). In terms of the external informal sources, these are
mainly used by formal planners to get information on market and competition, and by informal planners "to adequate company strategies and decisions to surrounding environment". Personal informal sources are used by both groups but with some difference in emphasis. Formal planners use these sources mainly for decision making, while non-planners rely on these sources for information on market and competition.

Table 4.20. Uses of scanning sources

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>internal formal sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To integrate actions to improve departments' performance</td>
<td>For human resources management</td>
<td></td>
</tr>
<tr>
<td>To control and improve management activity</td>
<td>Acquisition of raw materials and equipment</td>
<td></td>
</tr>
<tr>
<td>For decision making</td>
<td>Analysis of company performance</td>
<td></td>
</tr>
<tr>
<td><strong>external informal sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To collect information on market and competition</td>
<td>To adequate company strategies and decisions to surrounding environment</td>
<td></td>
</tr>
<tr>
<td><strong>personal informal sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To be permanently up to date</td>
<td>To get inputs from tour operators</td>
<td></td>
</tr>
<tr>
<td>For decision making</td>
<td>To be permanently up to date</td>
<td></td>
</tr>
<tr>
<td>Assess sensitivity of cost of investment and production factors</td>
<td>Be ready to anticipate changes occurring</td>
<td></td>
</tr>
<tr>
<td>To plan and define policies to be adopted</td>
<td>To innovate</td>
<td></td>
</tr>
<tr>
<td>To structure the decisions</td>
<td>To collect information on market and competition</td>
<td></td>
</tr>
</tbody>
</table>

It is apparent from the respondents' uses of information that formal sources are more used for operational activities, whilst informal sources are more used for decision making on strategic issues.

Type of scanning sources

Newspapers are the printed source most used by both groups, followed by news magazines and government publications. Hospitality trade journals are only third in the list of the most used sources as shown in Table 4.21. Professional hospitality journals are the next most used source. Some respondents, however, do not use either professional or trade hospitality journals, and none of them use on-line databases for information collection.
Table 4.21. *Type of scanning sources*

<table>
<thead>
<tr>
<th>Formal Planners</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>Newspapers</td>
</tr>
<tr>
<td>News magazines</td>
<td>Government publications</td>
</tr>
<tr>
<td>Trade journals (Hospitality)</td>
<td>Trade journals (Hospitality)</td>
</tr>
<tr>
<td>Professional journals (Hospitality)</td>
<td>Professional journals (Hospitality)</td>
</tr>
<tr>
<td>Professional journals (Non-hospitality)</td>
<td>News magazines</td>
</tr>
</tbody>
</table>

The types and uses of sources reflect the reality of the hospitality sector as reported by West and Olsen (1989). In fact, the informality of the sources used by both formal and informal planners, and the reading of printed sources such as newspapers and news magazines reflect the informal character of the scanning activities in place. The importance of the informal relationships developed by respondents is also confirmed by West and Olsen’s research.

4.3.7. Situation of scanning activity, formality of approach and average hours per week

**Situation of scanning activity and formality of approach**

In order to evaluate the importance of the scanning activity in the hotel chains under analysis, respondents were asked about who collects the information in their companies, if this is done formally or informally and the average hours per week spent in such activity. In terms of the responsibility for formal and informal information collection respondents could select from five different situations:

- Respondent
- Other member of staff (doing it as part of his/her duties)
- A group of staff (doing it as part of their duties)
- Other member of staff (doing it as his/her only duties)
- A group of staff (doing it as their only duties)
From the five situations of information collection presented only three apply to the companies in the sample, either formally or informally, and they are very similar for both groups (see Table 4.22 for details).

**Table 4.22. Responsible for environmental scanning**

<table>
<thead>
<tr>
<th></th>
<th>Formal Planners</th>
<th>Informal Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formally</strong></td>
<td>Respondent</td>
<td>A group of staff (doing it as part of their duties)</td>
</tr>
<tr>
<td>Respondent</td>
<td>Respondent</td>
<td>A group of staff (doing it as part of their duties)</td>
</tr>
<tr>
<td>A group of staff (doing it as part of their duties)</td>
<td>Other member of staff (doing it as part of his/her duties)</td>
<td></td>
</tr>
<tr>
<td>Other member of staff (doing it as part of his/her duties)</td>
<td>Other member of staff (doing it as part of his/her duties)</td>
<td></td>
</tr>
<tr>
<td><strong>Informally</strong></td>
<td>Respondent</td>
<td>A group of staff (doing it as part of their duties)</td>
</tr>
<tr>
<td>Respondent</td>
<td>Respondent</td>
<td>A group of staff (doing it as part of their duties)</td>
</tr>
<tr>
<td>A group of staff (doing it as part of their duties)</td>
<td>Other member of staff (doing it as part of his/her duties)</td>
<td></td>
</tr>
<tr>
<td>Other member of staff (doing it as part of his/her duties)</td>
<td>Other member of staff (doing it as part of his/her duties)</td>
<td></td>
</tr>
</tbody>
</table>

The first situation (scanning by respondent) is the most widely used which may be explained by the respondents’ position in the company and their need of information for decision making. The second most used situation is that of a group of staff scanning as part of their duties. The situation where another member of staff scans the environment as part of his/her duties is not widely used either formally and informally (informally only two formal planners use this approach). An important fact to notice is that none of the companies in the sample have environmental scanning as a continuous activity, or someone in charge of the scanning activity on a full time basis. Another aspect deserving attention is the mostly informal format of the scanning activity.

**Average scanning hours per week**

In respect of the average hours per week spent on scanning (see Table 4.23 for details), in the respondents’ case the figures vary from 3 hours minimum (formal and informal planners) to 14 hours maximum (informal planner). Only twelve respondents gave their times, and the average hours per week they spend scanning the business environment is 6.6 hours. The most common scanning situation after that of the respondent, is a group of staff scanning the environment on a part time basis. Eight cases were reported as having this kind of scanning structure, and the average hours per week varied from 2 hours minimum (formal and informal...
planners) to 12 hours maximum (informal planners). In two cases the reported average was 10 hours of scanning per week. Finally, the eight cases reported show an average of 7.4 hours per week scanning. In the situation of a member of staff scanning part time, the picture is very different. There are only four cases where this procedure applies and the average hours per week spent scanning is 2 hours.

According to some informal planners, reading and watching TV, talking to friends informally, and any other type of social contact is seen as time used for scanning. As one respondent stated, "it is not possible to dissociate any relevant information obtained or contact made outside the company from the management position occupied". As a result of this perspective, it seems that any information received, even if not intentionally collected, is seen as scanning activity. This approach to scanning could justify the higher number of scanning hours by respondents in this comparison group.

In respect of the responsible for the scanning activity none of the situations reported can be considered as continuous scanning (Fahey and King 1977). The concentration of the scanning on the respondent can also create potential problems of communication and sharing of information (Segev 1977). As one of the most relevant aspects to consider is the amount of time spent by informal planners in their scanning activities.

Table 4.23. Responsible for scanning and average hours per week

<table>
<thead>
<tr>
<th>Hours/week</th>
<th>Respondent</th>
<th>Group of staff (P/T)</th>
<th>Member of staff (P/T)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Formal Planners</td>
<td>Informal Planners</td>
<td>Formal Planners</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>1</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4. CONCLUDING REMARKS AND IMPLICATIONS FOR FURTHER RESEARCH

From the analysis of the findings on the strategic planning and business environmental scanning activities of formal and informal planning hotel chains, some particular aspects emerge which deserve further interpretation.

Despite the differences in the formalisation of strategy, there are also many similarities. Whilst formal planning hotel chains report the existence of a formal strategic plan which is produced by the administration, informal planning hotel chains do not have a strategic plan but instead a non-written plan, ‘vision’, and/or an annual written budget. When we consider more closely the type of strategic plan produced by formal planners, in the majority of the situations this is in fact a budget where financial and economic aspects predominate. A main difference seems to reside in the production of action plans by certain formal planners to implement decisions. The main reason given by informal planners for not having a formal strategic plan is the small size of the organisation which does not justify the existence of a formal plan. Another reason is the fact that a formal strategic plan would reduce the managerial flexibility of the organisation. Perhaps the second reason should be regarded as more relevant as the majority of formal planners are of the same size, number of units, as informal planners (Chapter 3, section 3.8).

The existence of a formal plan, however, suggests a higher proactive attitude to the internal and external environments, and highlights some other differences between the two groups:

- better identification of businesses to enter
- better understanding of major competitors
- better anticipation of important competitors’ moves
- better recognition of strengths and weaknesses
- more effort in developing a sustainable advantage over competitors
- wider communication of strategy
• more structured approach to strategy making
• tendency towards a more formalised decision making process

In other aspects, however, the existence of a formal strategic plan apparently does not produce a difference in organisations' activities. In fact, a number of actions are similarly undertaken by both groups:

• strategy produced by the administration, not based on a process of negotiation
• dynamic revision of strategic plan
• careful resource allocation priorities
• accurate segmentation of the business where the hotel chains is operating
• frequent, opportunistic and market oriented decision making process
• definition of objectives essentially based on short-term operational targets
• basically reactive, non-planned actions to achieve objectives
• company performance assessed through the analysis of results and comparison with previous results

Another relevant finding revealed by the analysis of the data is the fact that all the hotel chains characterised as informal planners reveal a clear 'intention', even though not formalised on paper, regarding the strategies for their organisation (section 4.2.4). This can be seen as a confirmation of Mintzberg's argument that strategies cannot be purely deliberate and few can be purely emergent (1994).

Even though literature provides evidence that environmental scanning is fundamental for the identification of opportunities and threats posed by the company’s business environment (Jain 1993; Daft et al. 1988), none of the companies in the sample have an environmental scanning unit or even someone in charge of this activity on a full time basis. Research also shows that planning companies are normally engaged in continuous environmental scanning as the information resulting from this activity is used for decision making and planning (Engleow and Lenz 1989; Jain 1984; Fahey and King 1977). However, as reflected in the findings this is not the case among the companies studied.
In terms of the sources used, again the results between formal and informal planners are very similar, with the predominance of informal sources either external and personal. The respondent collecting information is the most common situation. This may create certain problems in terms of collection and analysis of the information as the position occupied by the respondent does not allow for much time to be spent on this activity. On the other hand, as most of this information collection is done informally, as can be seen by the sources used, it is probable that the information will be kept by the respondent and not transmitted to other members of staff responsible for decision making.

From the analysis of the findings it became clear that a formal written strategic plan is not a sufficient condition for formal and continuous environmental scanning to occur. The findings also suggest that hotel chains who have a formal written strategic plan present some basic differences in the approach to strategy and decision making from those who do not have this formal plan. However, other relevant similarities between these two types of hotel chains were found. In order to clarify and further explore these aspects it was decided that a further stage of field work was required to address:

- The relationship between strategic planning and environmental scanning amongst hotel chains (both formal and informal planners);
- The relevance and ideal structure of a formal environmental scanning process for formal and informal planners;
- The barriers to the development of a formal environmental scanning process and the possible actions to overcome them.

The findings from the in-depth interviews conducted to explore these issues are presented in the following two chapters. The field work was based on a grounded theory methodology approach to allow a more detailed exploration of respondents' perspectives and a richer contextual description of the relevant aspects impacting on the strategic planning and environmental scanning of respondents. Analyses were
carried out using a grounded theory and cognitive mapping approaches (Chapters 5 and 6 respectively).
CHAPTER 5 - FINDINGS II: THE RELATIONSHIP BETWEEN STRATEGIC PLANNING PROCESS AND THE ENVIRONMENTAL SCANNING CONTEXT

5.1. INTRODUCTION
5.2. THE STRATEGIC PLANNING PROCESS
5.3. ENVIRONMENTAL SCANNING CONTEXT
   5.3.1. Scanning context
   5.3.2. Information context
   5.3.3. Scanning activities
5.4. ORGANISATIONAL STRATEGY MAKING
   5.4.1. Organisational direction
   5.4.2. Decision making exercise
   5.4.3. Developing and planning strategies
5.5. ORGANISATIONAL STRATEGY MAKING AND ENVIRONMENTAL SCANNING CONTEXT INTERACTION
5.6. CONCLUDING REMARKS
5.1. INTRODUCTION

This chapter provides an analysis of the strategic planning process in hotel chains and how this is informed by the environmental scanning context. The categories and associated concepts which emerged as relevant for the research are used to characterise the chains’ activities in terms of strategic planning and environmental scanning. The findings are compared across the four comparison groups (Formal Intenders; Informal Intenders; Formal Realisers; Informal Realisers), illustrated by the properties as reflected in the data and then related to the background literature. Finally, these findings are used to develop a theoretical framework for conceptualising the strategic planning process and to highlight the interactions among categories and concepts.

This phase of analysis addresses the second aim of the research, To analyse and critically evaluate the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic plan) and by those where strategy is realised (no existence of a formal written strategic plan), and provides the answers to the second research question:

What is the relationship between strategic planning and environmental scanning amongst hotel chains who have a formal written strategic plan and those who do not have such formal written plan?

5.2. THE STRATEGIC PLANNING PROCESS

The categories and concepts presented in Table 5.1 were developed to described and explain the strategic planning process following the procedures of how to generate grounded theory. The categories and concepts as well as the way they interact with each other were suggested by the data and can be seen in the empirically based framework shown in Figure 5.1 at the end of the chapter. The strategic planning process of hotel chains operating in Portugal developed from the organisations’ perspectives as depicted by the respondents and are illustrated by the properties
identified in Tables 5.2 to 5.7. This process is proposed as an initial formulation of the core concepts and interactions informing the relationship between environmental scanning and organisational strategy making amongst the referred organisations.

**Table 5.1. The strategic planning process: categories and concepts**

<table>
<thead>
<tr>
<th>Core Categories</th>
<th>Categories</th>
<th>Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental scanning</td>
<td>Scanning context</td>
<td>• Core sectors scanned</td>
</tr>
<tr>
<td>context</td>
<td></td>
<td>• Scanning procedures by sector</td>
</tr>
<tr>
<td></td>
<td>Information context</td>
<td>• Area of information concern</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Information sources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Uses of information</td>
</tr>
<tr>
<td></td>
<td>Scanning activities</td>
<td>• Information collection approach</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Information gathering</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Information analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Disseminating information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sharing information</td>
</tr>
<tr>
<td>Organisational strategy</td>
<td>Organisational direction</td>
<td>• Chains' goals/objectives</td>
</tr>
<tr>
<td>making</td>
<td></td>
<td>• Units' goals/objectives</td>
</tr>
<tr>
<td></td>
<td>Decision making exercise</td>
<td>• Achieving goals/objectives</td>
</tr>
<tr>
<td></td>
<td>Developing and planning</td>
<td>• Type and level of decisions</td>
</tr>
<tr>
<td>strategies</td>
<td></td>
<td>• Characteristics of decisions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strategy making process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Planning characteristics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Planning activities</td>
</tr>
</tbody>
</table>
The use of the constant comparative method allowed similarities, differences and negative variances across the comparison groups to be accounted for (concepts are discussed for all comparison groups). The findings presented are conceptualised in terms of two central categories: organisational strategy making and environmental scanning context. To provide an understanding on how the strategic planning process is informed by the environmental scanning context the latter is first described and analysed.

5.3. ENVIRONMENTAL SCANNING CONTEXT

The environmental scanning context is composed of three categories and ten concepts (Table 5.1), and comprehends the activities of collection, analysis and dissemination of information for the strategic planning process (see Tables 5.2 to 5.4 for details). The similarities and differences between these categories and concepts along the comparison groups are now presented, illustrated by the properties as reflected in the data, and related to the relevant literature.

5.3.1. Scanning context

The scanning context encompasses the core sectors scanned and the scanning procedures by sector (see Table 5.2). These concepts allow us to understand respondents' selection of sectors to be scanned and consequently the importance posed by them to the running of the company. The type of procedures used in scanning the sectors of the business environment and their formality is also provided.

Core sectors scanned

With the exception of formal realisers which are mainly concerned with scanning the general environment, the sectors scanned are essentially part of the operating environment (Fahey & King 1977; Thomas 1974). As stated by a formal intender:
The sector I regarded as most influencing my company performance in the short-term is the current customer needs, and in the long-term the future changes in customer needs and trends.

For formal intenders, the political sector deserves more attention than the economic sector. They also regard competition as a major concern. As stated by a respondent: "The competitor's pricing strategies and the potential entrance of new competitors are the most relevant factors for my company's performance."

Only formal realisers refer to the social sector as part of their scanning concerns. On the other hand, they do not mention competition under those sectors scanned. The social sector is seen as that influencing customers and designing the future trends, whilst competition is not that active and is mainly competing on price.

The technological sector is not scanned by any of the comparison groups and it seems that the technological aspect is very much left to suppliers to provide "what's new" in the area.

Competitors' pricing strategies and the economies of feeder markets are the central issues for informal realisers. The great dependency on foreign markets makes hoteliers fear the changes in the economies of these markets. Another issue for this group is the great bargaining power of the largest tour operators. This leads to a situation where competition relies essentially on price.

Despite the importance of the general environment for purposes of corporate planning (Thomas 1974), the major concern shown by respondents is the operational environment. This behaviour is clearly in contrast with Fahey and King's (1977) perspective which considers the general environment as being more relevant to strategic planning and as requiring a greater degree of innovation in the collection of information.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CONCEPTS</th>
<th>PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scanning context</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core sectors scanned</td>
<td>• customer</td>
<td>• competition</td>
</tr>
<tr>
<td></td>
<td>• economy</td>
<td>• customer</td>
</tr>
<tr>
<td></td>
<td>• competition</td>
<td>• economy</td>
</tr>
<tr>
<td>Scanning procedures by sector</td>
<td>• political - informal reading and TV watching</td>
<td>• political - formal and informal reading, TV watching and personal interaction</td>
</tr>
<tr>
<td></td>
<td>• economic - formal and informal reading and TV watching</td>
<td>• economic - formal analysis of statistics and head office information, formal and informal reading, TV watching and personal interaction</td>
</tr>
<tr>
<td></td>
<td>• social - formal and informal reading, TV watching,</td>
<td>• social - formal and informal reading, personal interaction</td>
</tr>
<tr>
<td></td>
<td>informal market analysis and personal interaction</td>
<td>• social - informal contacts, formal and informal reading, personal interaction</td>
</tr>
<tr>
<td></td>
<td>• market - formal market research and use of statistics,</td>
<td>• market - informal contacts, formal and informal reading, personal interaction</td>
</tr>
<tr>
<td></td>
<td>formal and informal reading, TV watching, informal market</td>
<td>• market - informal market research, formal market research, personal</td>
</tr>
<tr>
<td></td>
<td>analysis and personal interaction</td>
<td>interaction, and formal visits to international shows</td>
</tr>
<tr>
<td></td>
<td>• technological - formal information from headquarters,</td>
<td>• technological - informal reading, personal interaction and personal</td>
</tr>
<tr>
<td></td>
<td>formal and informal reading, TV watching and personal</td>
<td>interaction</td>
</tr>
<tr>
<td></td>
<td>interaction</td>
<td></td>
</tr>
<tr>
<td>formal intenders</td>
<td>• political - formal magazine checking system, informal</td>
<td>• political - formal and informal reading, TV watching and personal</td>
</tr>
<tr>
<td></td>
<td>reading and personal interaction</td>
<td>interaction</td>
</tr>
<tr>
<td>informal intenders</td>
<td>• economic - formal magazine system check, informal reading</td>
<td>• economic - formal analysis of statistics and head office information,</td>
</tr>
<tr>
<td></td>
<td>and personal interaction</td>
<td>formal and informal reading, TV watching and personal interaction</td>
</tr>
<tr>
<td></td>
<td>• social - informal reading, personal interaction and formal</td>
<td>• social - informal contacts, formal and informal reading, personal</td>
</tr>
<tr>
<td></td>
<td>questionnaire to clients</td>
<td>interaction</td>
</tr>
<tr>
<td></td>
<td>• market - formal analysis of information, personal</td>
<td>• market - informal contacts, formal and informal reading, personal</td>
</tr>
<tr>
<td></td>
<td>interaction, informal reading and competition evaluation</td>
<td>interaction</td>
</tr>
<tr>
<td></td>
<td>• technological - formal visits to international shows,</td>
<td>• technological - informal reading, personal interaction and personal</td>
</tr>
<tr>
<td></td>
<td>informal contacts with main suppliers and informal reading</td>
<td>interaction</td>
</tr>
<tr>
<td>formal realisers</td>
<td>• political - formal and informal reading, TV watching and</td>
<td>• political - formal and informal reading, TV watching and personal</td>
</tr>
<tr>
<td></td>
<td>personal interaction</td>
<td>interaction</td>
</tr>
<tr>
<td>informal realisers</td>
<td>• economic - formal analysis of statistics and head office</td>
<td>• economic - formal analysis of statistics and head office information,</td>
</tr>
<tr>
<td></td>
<td>information, formal and informal reading, TV watching and</td>
<td>formal and informal reading, TV watching and personal interaction</td>
</tr>
<tr>
<td></td>
<td>personal interaction</td>
<td>• social - informal contacts, formal and informal reading, personal</td>
</tr>
<tr>
<td></td>
<td>• social - formal and informal reading, personal interaction</td>
<td>interaction</td>
</tr>
<tr>
<td></td>
<td>• market - informal contacts, formal and informal reading,</td>
<td>• market - informal contacts, formal and informal reading, personal</td>
</tr>
<tr>
<td></td>
<td>personal interaction</td>
<td>interaction</td>
</tr>
<tr>
<td></td>
<td>• technological - informal reading and personal interaction</td>
<td></td>
</tr>
</tbody>
</table>
Scanning procedures by sector

The scanning procedures across the comparison groups are mostly informal and carried out by reading, watching television and interacting with other members of staff and colleagues in the sector. As seen by a formal intender:

The political, economic and social sectors are scanned informally by means of frequent and on time review of newspapers and magazines related with the sector and by watching television.

The majority of the formal procedures rely on data and information provided by consultancy and market research companies and the market sector is by far that receiving the most attention:

Market conditions are scanned formally and there is a purposeful search for information from those organisations producing market research like Horwath and Horwath and the World Tourism Organisation. This information about the medium and long term helps us looking for trends in specific segments of the market. (Formal Intender)

Interesting to note is the fact that formal intenders reveal scanning procedures which are carried out “without the concern for organising the information.” The use of external organisations to provide the relevant data for decision making and planning is a common procedure as reflected in a statement by an informal intender, “Formally we have a contract with a lawyer to advise us and keep us informed of the relevant events”.

The scanning procedures reveal a dual reality: a formal activity mainly based on secondary information provided by external organisations; and an informal activity based on reading general and specialised publications, watching television and interacting / exchanging information with colleagues in the sector (business partners and competitors).
According to Stubbart (1982) the information resulting from the environmental scanning process is broad in scope and future directed. This is not exactly the reality of the chains studied. They try to cover a broad range of sources but the information collected is mainly past and possibly present directed. As a result of this attitude of "... collecting information after the events have occurred."", chains can only adopt a reactive stance towards the business environment. Instead of being creative, they mainly follow what others have been practising, which is also in contradiction with Terry's (1977) views where he sees the results of environmental scanning as a proactive rather than a reactive stance by the company towards its business environment.

Regarding the formality of the scanning approach, the scanning procedures carried out by the different groups are a mixture between formal and informal scanning, with the exception of informal realisers, which only carry out informal scanning as reflected in the following excerpt:

The economic sector is scanned informally by reading newspapers, watching television and talking to friends and other professionals in the field. The political sector is scanned informally through the press, several national and international magazines and publications, and by using information provided by various professional organisations. The social sector is informally analysed by reading newspapers, watching television and talking to friends and other professionals in the sector. For the market sector the procedures are similar but we also exchange information with other hoteliers and tour operators. In technological terms, I read the technical magazines and other information received from suppliers.

The market sector receives the most formal attention by all groups, mainly through market research, external consultancy and analysis of statistics. Informally, the political and social sectors receive the most attention and the procedures are basically the same for the four comparison groups: reading, personal contacts and watching television.

These findings are in line with those reported by Fahey et al (1983), where these authors found that much of the scanning activity of managers is informal in nature.
Olsen et al. (1994) came to similar conclusions in their study of hospitality managers where these seem too concerned with the short term and for this reason, their main goal is to get information about the economy, financing and customers, ignoring other sectors of the general environment.

The essentially informal scanning of Portuguese hotel chain managers as well as the procedures they use are very similar to the situation found by West and Olsen (1989) in their study of the hospitality industry. As they report, the majority of the companies have an informal scanning process, relying on inputs about the environment from other members of staff, market research information or interaction with managers of other companies at professional and trade associations meetings.

5.3.2. Information context

The information context is composed of the area of information concern, information sources and uses of information (see Table 5.3 for details). These concepts provide an understanding of the areas of information searched, the major sources used to look for this information and also how managers make use of it for their activities.

Area of information concern

The areas of information covered by respondents are varied, like competition, market and customers, but essentially from the operational environment (Daft et al. 1988; Fahey and King 1977). These are, in fact, the major areas of concern for all comparison groups. According to Daft et al. (1988), these areas from the operational environment are expected to influence scanning because they differ in uncertainty. However, higher levels of uncertainty will come from the general environment (Fahey and King 1977) and this is not addressed by respondents. The areas of concern differ between the groups. These differences in the scanning behaviour between companies have also been reported by Olsen et al. (1994) and Daft et al. (1988). In the case of this research, whilst informal intenders look at the market as the most important area, formal intenders regard competition as the most relevant aspect to take into account:
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CONCEPTS</th>
<th>PROPERTIES</th>
<th>formal realisers</th>
<th>informal realisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information context</td>
<td>Area of information concern</td>
<td>formal intenders</td>
<td>informal intenders</td>
<td>formal realisers</td>
</tr>
<tr>
<td></td>
<td>• competition</td>
<td>• market</td>
<td>• company information</td>
<td>• accounting</td>
</tr>
<tr>
<td></td>
<td>• suppliers</td>
<td>• trade</td>
<td>• commercial/ market</td>
<td>• market / sales</td>
</tr>
<tr>
<td></td>
<td>• financial</td>
<td>• company information</td>
<td>• customers</td>
<td>• customers</td>
</tr>
<tr>
<td></td>
<td>• commercial</td>
<td></td>
<td>• tour operators</td>
<td>• personnel</td>
</tr>
<tr>
<td></td>
<td>• existing and potential customers</td>
<td></td>
<td>• tourism statistics</td>
<td>• competition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• competition</td>
<td>• tour operators</td>
</tr>
<tr>
<td>Information sources</td>
<td>• competition</td>
<td>• head office and internal sources</td>
<td>• internal sources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• customers</td>
<td>• market research companies</td>
<td>• tour operators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• internal sources</td>
<td>• trade magazines</td>
<td>• tourism organisations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• financial services</td>
<td>• colleagues in the sector</td>
<td>• colleagues in the sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• tourist board</td>
<td>• customers</td>
<td>• newspapers and magazines</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• newspapers</td>
<td>• travel agents and tour operators</td>
<td>• competition</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uses of information</td>
<td>• for actions within the department</td>
<td>• for actions on market and competition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to improve strategy</td>
<td>• “to keep abreast of what is going on”</td>
<td>• “to control and follow the management of the company”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• for marketing actions</td>
<td>• “to try to know the current customer needs and the cost and availability of raw materials”</td>
<td>• “for decision making”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to compare and improve management activity</td>
<td>• “to structure the decisions”</td>
<td>• to analyse competition, economic, political and social areas</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• “to analyse threats and devise strategies to overcome them”</td>
<td></td>
</tr>
</tbody>
</table>
If we know what each of the main competitors is doing we stand a better chance of rapidly reacting to some of their actions. Our competitors are in the market and they are as smart as we are, so, they also try to take our customers away, and we do the opposite. We have to adopt a policy of constant watch and be constantly on the ball as business now happens very quickly.

The group of formal realisers regard customers and market as the most sensitive areas for their activities, while informal realisers see customers as their main concern:

Customers are heard by our staff in the many conversations they have and also by the questionnaires we leave in the rooms and which they fill in. This is very important as in many occasions the customer does not complain and leaves with a bad impression of the hotel.

Other relevant notes from the analysis of respondents comments are the reactive stance taken by formal intenders towards competition activities, the use of personal informal sources by informal intenders to keep abreast of what is happening in the market, and the use of essentially secondary information by formal realisers to analyse the market situation. Instead of capitalising early on opportunities, as Jain (1993) proposes for companies doing environmental scanning, companies in the study are mainly reacting to changes and events occurring in their business environment.

Information sources
A variety of information sources are used by respondents in the different groups. The most commonly mentioned are: competitors, head office, tourism organisations, newspapers, magazines and colleagues from other companies. In fact, the most relevant aspect from the answers given is the use of “colleagues in the sector” to get information on the market. This has to do with the lack of confidence in other sources available and to the speed of change in the market which requires a constant
awareness of what is happening. As a result the quickest way to get information is by
talking to other professionals in the sector as reflected in the following statement:

> When I have problems in terms of low demand I call the ICEP in London, Germany and
> Lisbon to get a feeling for the market. I also call the area directors of tour operators like
> Neckerman. The speed of the business is such that making forecasts is much more difficult
> because the bookings are done more and more at the last minute and this requires a constant
> vision of the business. (Formal Realiser).

These findings are very much in accordance with those in previous studies of the
hospitality sector (Olsen et al. 1994; West and Olsen 1989). In these studies, a
concern for the short term is clear and the inputs about the environment are provided
by other members of staff, market research companies and interaction with managers
of other companies.

Despite using different sources, the preference for personal informal sources and the
problems faced by the different comparison groups are very similar. Another aspect
worth mentioning is the fact that even the groups which reported as mainly using
formal sources (formal intenders and formal realisers) also rely extensively on “other
colleagues” for information on the market. This informality of scanning by
hospitality managers is also reported by West and Olsen (1989), who found that the
majority of companies have an informal scanning process.

**Uses of information**

The uses of information do not vary greatly between the groups. Despite some
specific uses reported, the information is used to improve management practices and
strategy. In terms of the use of information for strategic purposes, formal intenders
use it to improve strategy and also for “improving the dynamics of the actions within
the departments”, to “improve the strategy in practice and to achieve more inputs in
terms of knowledge.” Informal intenders use information to plan, define policies,
structure decisions and “to try to know market trends and to get new businesses.”
Formal realisers use information for decision making, awareness and actions on the
business environment as stated in the following excerpt:
... when I have to make decisions and prepare a new price package for the coming year I talk to several hotel managers, tour operators, and foreign hoteliers, all contacts based on friendship.

Finally, informal realisers use information to devise strategies to overcome threats, “to adequate the company’s strategies and decisions to the surrounding environment”, and to “be permanently up to date and ready to anticipate the changes occurring and innovate”. Despite the fact that in certain cases the information resulting from the scanning activity is not formally linked to the planning process as it should be (Engledow and Lenz 1989), it is used for decision making and strategy development as argued by Mintzberg (1994).

The uses of information, as suggested from respondents’ answers, are very similar across the comparison groups, not just between formal and informal intenders but also between those who use mainly formal sources of information and those who mainly use informal sources. These findings are confirmed, once again, by Mintzberg’s argument that companies do not have to formalise their strategy making process to behave strategically.

5.3.3. Scanning activities

The scanning activities are informed by the information collection approach, information gathering, information analysis, disseminating information and sharing information (see Table 5.4). The concepts and properties represent those activities which the hotel chains undertake in their scanning efforts, from the person in charge of scanning to the analysis and sharing of the information. The analysis of the concepts and properties across the comparison groups will provide an explanation for the major variations in terms of the existing scanning situations in the Portuguese hotel chain sector.
Information collection approach

The information collection approach reflects some variations and some similarities across the comparison groups. The group of formal intenders report a formal and informal activity in each of the scanning approaches (respondent, member of staff and group of staff), and look at the scanning activity with a "spirit of vigilance", with an attitude of constant alert for valuable information:

The information is collected by me either formally and informally and by a group of staff who does it formally and informally on a part-time basis. We have five members of staff collecting and analysing information and they are tied up to what we call 'the spirit of vigilance', meaning that they have to be constantly alert for possible valuable information. In my case, everyday I take home newspapers to read either in the evening or in the morning before coming to the office.

The group of informal intenders report formal and informal scanning activities even though the preponderance is for informal scanning mainly in the case of the respondent and a group of staff scanning. In fact, the scanning can be seen as mainly informal, done on ad hoc basis and initiated due to a specific problem or information need:

The information collection activity is ad hoc and carried out particularly when there is the need to get information to plan and analyse any new investment. The information is collected mainly from publications and the frequency is conditioned by the frequency of the publications.

The group of formal realisers reflect essentially a formal scanning approach even though some more informal activities are reported. It seems that the formality of the scanning activity is a consequence of the type of sources and information collected:

... with the new software the internal information is better and more varied. We now have information on the level of reservations, statistics by market segment, reservations by tour operator. We now can get a lot more information.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CONCEPTS</th>
<th>PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scanning activities</td>
<td>Information collection approach</td>
<td>• respondent formal and informal /part-time</td>
</tr>
<tr>
<td></td>
<td>• member of staff formal and informal /part-time</td>
<td>• member of staff formal and informal /part-time</td>
</tr>
<tr>
<td></td>
<td>• group of staff formal and informal /part-time</td>
<td>• group of staff formal and informal /part-time</td>
</tr>
<tr>
<td></td>
<td>Information gathering</td>
<td>• respondent informal/part-time</td>
</tr>
<tr>
<td></td>
<td>• guest questionnaires</td>
<td>• internal collection of information</td>
</tr>
<tr>
<td></td>
<td>• information received periodically</td>
<td>• various kinds of information received</td>
</tr>
<tr>
<td></td>
<td>• information requested to the sources</td>
<td>• &quot;by calling and visiting competitors&quot;</td>
</tr>
<tr>
<td></td>
<td>• by reading newspapers</td>
<td>• reports from professional organisations</td>
</tr>
<tr>
<td></td>
<td>• &quot;... by talking to personnel, customers and competitors.&quot;</td>
<td>• guest questionnaires</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• board of directors meetings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• &quot;direct contact with customers&quot;</td>
</tr>
<tr>
<td>Information analysis</td>
<td>• analysis by respondent’s assistant</td>
<td>• individual analysis</td>
</tr>
<tr>
<td></td>
<td>• individual analysis</td>
<td>• &quot;administration analysis&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• computer based statistical analysis</td>
</tr>
<tr>
<td>Disseminating</td>
<td>• selective dissemination</td>
<td>• selective dissemination</td>
</tr>
<tr>
<td>information</td>
<td>• written dissemination</td>
<td>• face-to-face dissemination</td>
</tr>
<tr>
<td></td>
<td>• face-to-face dissemination</td>
<td>• written dissemination</td>
</tr>
<tr>
<td>Sharing information</td>
<td>• &quot;depends on the information&quot;</td>
<td>• distribution to departments and hotel units</td>
</tr>
<tr>
<td></td>
<td>• &quot;some is exclusively for me, other is shared with the departments&quot;</td>
<td>• &quot;all information is passed on to the team&quot;</td>
</tr>
<tr>
<td></td>
<td>• &quot;I decide on the importance of the information for other departments&quot;</td>
<td>• &quot;everybody is aware of what is going on&quot;</td>
</tr>
<tr>
<td></td>
<td>• particularly external information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• &quot;staff should at least know what information is available&quot;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• mainly used by the administration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• restricted sharing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• to staff at directors’ level</td>
</tr>
</tbody>
</table>
The information collection approach of informal realisers is essentially informal with the respondent being the one in charge of most of the scanning either formal and informal. This approach reveals scanning as a centralised activity occurring at the top levels of the organisation.

The information collection approach can be characterised as ranging from a conditioned view to an informal search according to Aguilar’s modes of scanning (1967). If we compare the information collection approach with Aguilar’s formal scanning mode, in terms of the exposure to information, deliberate, and the purpose of scanning, to secure specific information or information on a specific issue, some of the scanning reported can be seen as formal. However, in respect of the recognition of the relevance of data, following a pre-established plan, procedure or methodology, the scanning is less likely to be formal.

Despite the differences in formality no respondent mentioned the existence of a scanning unit and all comparison groups reported scanning as a part-time activity either by the respondent, a member of staff or a group of staff. This format of scanning can be characterised as varying from irregular to regular according to Fahey and King’s (1977) scanning model framework, but with a preponderance for irregular scanning.

Information gathering

The information gathering reported by the comparison groups reflects a high level of informality, with talking to staff, colleagues, competitors and customers seen as a core activity. There are, however, some activities which are specific to each group. The group of formal intenders use guest questionnaires, reading and talking to people as ways to “be attentive to every possible event.” The information in this group can be actively gathered or passively received as reflected in the following statement:

In terms of collecting information, some is received and other I have to ask for it. Our services as well as other organisations have the duty to send us some specific information and they know the timing to do it. Sometimes, for specific cases I have to ask for the information.
In the case of informal intenders, besides reading and talking to other people, they also use meetings and the head office as a means of gathering information. The group of formal realisers gather information by reading, talking, guest questionnaires, meetings and by "instinct", which is required due to the "volatility of the market". The informality of the information collection in this group is well illustrated in the following statement:

The market is highly volatile so we have to be constantly up to date with the reservations and try to see what is happening now, in a month and in two months time, and feel. It is also a question of instinct. It has a lot to do with this. Another way of getting the relevant information is through a permanent reading of the market and magazines.

Finally, information gathering by informal realisers can be mainly seen as the personal activity of the respondent where the information is collected through a "verbal process". In fact, the process used to collect information is "verbal unless the situation implies that someone is to be made responsible for something in which case a memo is produced."

Despite the variations across comparison groups the process through which the information is collected is very similar and reflects a high degree of informality. This is highlighted in the analysis and dissemination stages as the information collected through reading and talking poses problems in terms of its analysis and dissemination. The information gathering process further confirms the level of informality of the scanning activity. In fact, no company studied would classify as doing continuous scanning according to Fahey and Kings's (1977) framework.

**Information analysis**

The analysis of information across the comparison groups can be seen as an individual activity normally carried out by the person receiving or collecting the information. This can be the respondent, other senior managers, an assistant or someone else assigned to this activity. In any case the analysis seems to be carried out in accordance to the needs of each user/analyst. Depending on the type of
information, the analysis can be more or less formal as reflected in the following statements:

It depends on the type of information but we have some very formal analyses like guest questionnaires, information about the market, occupancy rates, market penetration and comparisons with last year and budget. (Informal Intender)

The information is analysed by me. I treat the information, compare the different aspects and then produce tables with the analysis. (Informal Intender)

The analysis reflects a certain type of reaction to events or crisis and at the same time a more decision or issue oriented approach, both characteristics of irregular and regular scanning respectively (Fahey and King 1977).

This situation where most of the analysis is carried out by the staff receiving or collecting the information poses some problems according to respondents. In fact, some times the information is lost as stated by a formal realiser:

Each person receiving information makes his own analysis but sometimes the information gets lost in the system.

The reality, as revealed by respondents, is that those collecting or receiving the information simply keep it for themselves. As a result, the company does not take advantage of the information available because there is not a formal system to allow a formal analysis, dissemination and storage of information for future retrieval and use:

I analyse the information and send memos or communicate the information verbally to the members of staff responsible for the matters of concern. (Informal Realiser)

This situation is in tune with that reported by Segev (1977), where those in charge of strategy making perform scanning as an informal and unsystematic process. The lack of interaction between those who collect the information and those who have to make
decisions is also accounted for by Segev who regards it as 'malfunctions of the scanning process'.

Disseminating information
The main aspect regarding the dissemination of information is its selective nature. In fact, across all comparison groups only the information seen as relevant for other departments or members of staff is disseminated. In terms of format, it can either be done in writing, through memos or reports, or verbally in meetings. Despite the format, the essential aspect is its selective and restricted nature:

The dissemination is carried out through meetings with the hotel managers who, by their turn, have meetings with their staff. The are some reports but with very limited distribution and they are only sent to the departments or staff involved in the specific aspect. (Informal Intender)

... we call a meeting to discuss the subject, or the information is selected, copied and disseminated to the members of staff involved in the particular area or aspect. (Formal Realiser)

If information requires implementation formal checklists are formulated for action. Otherwise, information gathering will not be formally shared by the managers involved in the process apart from articles or information of special interest which will be circulated. (Informal Realiser)

This restricted dissemination can be seen as a consequence following from the previous concept (information analysis). If the information gets lost in the system and sometimes is held by those analysing it, its dissemination will prove difficult. As a result, it is likely that information will not be widely and generally available, affecting the level of decisions and strategic changes (Segev 1977).

Sharing information
As with the dissemination of information, the sharing of information can be limited by its type and the respondents’ judgement about what should or not be shared. This happens amongst formal intenders and informal realisers:
Sharing information depends on the type of information. Some is exclusive for me and other
is shared with other members of staff and departments. I decide what should be shared and
normally do it in meetings particularly when the information is quite general. (Formal
Intender)

The information in its globality can't be available or shared with all my collaborators. When
we are together and I think that some information should be shared I then do it based on the
importance of the subject. However, we try to work as a team and be tuned towards the same
objectives. (Informal Realiser)

The other two groups, informal intenders and formal realisers, share the information
but this does not exactly mean that staff get to know or receive the information. In
fact, respondents in these groups, as well as those in the formal intenders group, are
aware that some staff either do not have the time or interest to read the information,
and in other cases, when it is shared with the hotel managers these may keep it for
themselves:

I share the information so that staff may know what is going on and also that the information
is available. This is not a guarantee that they will read the information but at least they are
aware of its existence. (Formal Intender)

The information is made available and anyone who wants to read it can do it. However,
sometimes people don't want to spend time reading it because they claim being too busy or
tired and so want to go home. On the other hand we don't have much time to dedicate to the
study of the information which is wrong but that's the reality. (Informal Intender)

In the case of our organisation sharing of information sometimes poses problems as the head
of department or the hotel manager get the information but if they have a centralising attitude
they might keep the information for themselves and not sharing it with anyone else. Most of
the times problems could be overcome if there was communication between staff. (Formal
Realiser)

According to Aaker (1983), this can be seen as a result of the gathering and analysis
of information being done in an ad hoc and unsystematic way by those involved in
the strategy making process. As argued by Aaker, the causes for the considerable amount of information which is lost, dissipated or unused are: the undirected scanning effort, scanning effort not partitioned among the participants, and the non-existence of a vehicle to store and subsequently retrieve and disseminate the information. As reflected in the findings, all these reasons seem to apply to the companies studied.

On the other hand, it looks that there is a selective filter, intentional and unintentional, from the top down, in terms of dissemination and sharing of information. This situation together with the fact that companies "don't have much time to dedicate to the study [analysis] of information", will result in less information available for strategy and decision making, which is likely to be translated by inefficiently informed decisions and strategies. This restricted availability and use of information is also likely to impact on the strategic thinking of the organisation (Jain 1993).

5.4. ORGANISATIONAL STRATEGY MAKING

The organisational strategy making is informed by three categories and eight concepts (Table 5.1), and comprehends those aspects related to the purpose of the companies, how decisions are made and how strategies are developed and planned (see Tables 5.5 to 5.7 for details). In the same way as for the corporate environmental scanning context, the findings across the comparison groups will be analysed for similarities and differences between categories and concepts. These will be illustrated by the respective properties as reflected in the data and then related to the literature.

5.4.1. Organisational direction

The organisational direction subsumes the concepts of chains' goals and objectives, units' goals and objectives, and achieving goals and objectives (see Table 5.5). These concepts provide the structure of how the purpose of the organisations is established,
who is responsible for its definition and the actions taken to achieve these goals and objectives.

Chains' goals and objectives
The definition of goals and objectives is a responsibility of the administration across the comparison groups. The involvement of the hotel units in the definition of the objectives is common to all groups and it ranges from inputs given by hotel managers to a higher level of commitment (engagement of progress). The objectives focus essentially on the market and operational aspects and are formalised through the budget and marketing plan. In comparing the definition of chain’s objectives and goals by the different groups, more similarities than differences can be identified:

The development of the objectives is carried out by the administration. The administration defines objectives which are then communicated to the hotel managers, these analyse them and pass their perspective on to the administration in its general meetings. (Formal Intender)

They [the objectives] are decided in meetings with the administration based on a proposal of an action plan and budget for the coming year made by the hotel general managers. The traditional concept of budget was abolished and a new concept was brought in, the 'engagement of progress' based on the results of the previous year. (Informal Intender)

Through meetings with the board and the administration where the broad objectives for the coming year are defined. Later, there are partial meetings, by department, to define the details. This doesn’t mean that the objectives can’t be changed according to the market conditions and opportunities. (Formal Realiser)

The goal is to make profit and the objectives defined to reach that goal are to reduce the fixed costs with personnel and cut as much as we can in electricity which in Portugal is too expensive. In respect of commercial decisions these have to focus on the incentives, business and congresses segment as we are having problems due to the control exerted by tour operators. (Informal Realiser)
### Table 5.5. Organisational direction: concepts and findings

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CONCEPTS</th>
<th>PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>formal intenders</strong></td>
</tr>
<tr>
<td><strong>Organisational</strong></td>
<td><strong>Chains' goals / objectives</strong></td>
<td>• administration definition of objectives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• according to a budget and marketing plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Units' goals /</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>objectives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Achieving goals /</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>objectives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• analysis of results to correct distortions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• &quot;All kinds of control actions&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• &quot;analysis of hotels' monthly reports&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The formalisation of the objectives both through the budget and the marketing plan is in accordance with Stoner and Freeman's views that once the organisation has defined the objectives, the actions involved in achieving them should be planned (1986). The major difference between the findings and what these authors propose is that instead of translating the objectives into the strategic planning process, they are incorporated into the budget and operationalised through a marketing plan. This reflects a shorter term view which has also been verified by previous research into hospitality organisations (Olsen et al. 1994).

There is a strong reliance on the results from previous years in developing objectives which seem to be essentially based on financial aspects analysed retrospectively. The historical and the potential involvement of the company in certain businesses are also taken into account. This occurs after an analysis of the financial, market and pricing situations, which is common across the comparison groups:

[Objectives are defined] Through the development of a budget and a marketing plan. All this is my responsibility but I have the support of other directors, particularly those in the fields more related with marketing and sales. (Formal Intender)

The financial and budget objectives are defined formally, but in what concerns with the goals for the hotels, each hotel general director defines his own objectives. They agree with the administration on certain objectives as this is a two way process, but then they are left to achieve them according to their own perspective. (Informal Intender)

In what concerns with the hotel division, it is essentially an annual budgeting process including preparation of a marketing plan, which covers market penetration objectives, market segment objectives and pricing targets. (Informal Realiser)

Units' goals and objectives
In all four groups the administration is still the major entity defining the objectives and this is essentially a top down process, even though a few cases of a more bottom up approach were reported. This top down attitude is in opposition to Johnson and
Scholes (1993) view according to which, strategic plans at corporate level must build upon the strategies at lower levels within the organisational hierarchy.

Despite the fact that the administration is in charge of the definition of unit's goals and objectives across the comparison groups, some aspects can be seen as specific to each group. Formal intenders follow the lines of orientation given by the head office or administration. This is normally done for the whole group with the actions to achieve the objectives negotiated with the hotel manager:

There is a general definition of objectives and goals for the different hotel units, which is made by the administration. The hotel directors by their turn and within the limits defined by the administration, define their own objectives.

For informal intenders the goals and objectives are defined by the administration in consultation with the hotel managers. However, the degree of freedom to create within the guidelines established by the administration is quite restricted, as the tight budget constraints do not allow great variances. This top down definition of objectives can be clearly understood from the following statement:

At the macro level, the objectives are defined by the presidents and board of directors in formal meetings, and then in an annual planning meeting for the next year. At the micro level, the objectives of each hotel are then defined by the hotel director with the operations director according to the 'picture' developed at the head office.

In the case of formal realisers the objectives can either be defined by the administration with the agreement of the hotel managers or by the units and the approval of the administration. One way or the other, the main idea is to "try to achieve group synergy." A more bottom up definition of objectives is reflected in the following statement:

There is a budgeting process and the development of a marketing plan. Here the objectives are defined by segment and hotel unit. The hotel directors discuss the budget with the finance director and the area director, and possible changes are made. The objectives defined at this
level are then discussed with the operations director, and finally submitted to the administration for approval.

The next statement, on the other hand, denotes a more top down definition of the objectives:

They are defined annually by the administration at the same time as when the budget for the coming year is approved. They’re defined unit by unit, depending on the specifications according to the unit location, the economic situation, etc.

Finally, informal realisers define unit’s goals and objectives based on “management information, projections and forecasts in relation to what the hotels want to do in the next month.” This is still carried out by the administration in consultation with the units and is performed in the following way:

It is essentially an annual budgeting process including the preparation of a marketing plan, which covers market penetration objectives, market segment objectives and pricing targets.

Achieving goals and objectives
The actions taken to achieve company’s objectives are mainly reactive actions. In fact, the most common procedure referred to by all groups is to analyse the results compare them with the objectives (budget) and propose corrective or remedial actions as highlighted in the following statements from different comparison groups:

A constant analysis of the results to correct on time possible deviations from the objectives. If this type of analysis goes toward correcting deviations on time it will be easier to achieve the results, if not, others will attack first and get all the profits. (Formal Intender)

We monitor the variance and react to it with positive action plans like marketing action plans, human resources action plans and training action plans. These action plans and the budget are assessed and corrective measures are taken. (Informal Intender)

Control of the financial and commercial objectives based on the historical and budget, which is corrected according to the deviations identified. There is a constant effort to assess the degree of satisfaction of the main clients in order to know how they are feeling about the
company's services and if these are in accordance with their expectations in order to adapt the company's actions to these expectations. (Formal Realiser)

We set objectives, monitor them and take remedial actions when negative variances arise. (Informal Realiser)

The fact that companies plan the achievement of their objectives through a budget and not a strategic plan (Stoner and Freeman 1986), leads to a short term view translated by a reactive stance towards deviations from the objectives. If the actions were strategically planned it is likely that a more proactive stance resulting in the exploration of opportunities would be adopted.

5.4.2. Decision making exercise

The decision making exercise is informed by the type and level of decisions and the characteristics of decisions (see Table 5.6). The concepts and properties reflect the areas covered by respondents' decisions and the processes they follow to reach these decisions. The managerial and organisational approach towards the areas of concern can also be further understood from the characteristics of the decisions made.

Type and level of decisions

The type of decisions are varied and cover an extensive number of areas with most of them being common to all comparison groups (finance, marketing, market, commercial and human resources). Some areas of decision are specifically referred to by certain groups, like advertising and pricing by informal intenders, outsourcing by formal realisers, and public relations and corporate image by informal realisers. However, the market deserves the most attention and the majority of decisions address aspects related to it.

In respect of the level of the decisions made, respondents are involved directly or indirectly in all of the levels of decision (strategic, tactic and operational), even though, in general, the largest share of their time is occupied with tactical and operational aspects as "You don't make strategic decisions every day, you make
them once a year. Once you've made them you go for it.” The type of decisions reported by respondents suggest not only an essentially tactical and operational level of decision but also one that is very much oriented towards the task environment. In terms of process it looks much more simplistic than that proposed by Johnson and Scholes (1993). In fact it reflects an individual process based on previous experience and not following the proposed phases of issue awareness, issue formulation, development of solutions and selection of a solution (Johnson and Scholes 1993, p. 58). If these phases exist they seem to be occurring at the same time with the awareness and selection as overlapping sequences of the decision process.

**Characteristics of decisions**

The decision making process follows a frequent, opportunistic and market oriented approach. The decisions are about operational and strategic issues, and more related to opportunity creation than problem solving, even though, formal realisers regard themselves as putting more time into trying to solve problems than creating opportunities:

> Our decisions should be directed towards the creation of opportunities rather than problem solving but unfortunately this is the reality. We would prefer things to the opposite and the decisions taken before the problems occur. However, at the moment the demand side has a great impact on our activities which are more directed to exploring the existing market than creating new ones.

In terms of the formality of the decisions, with the exception of informal realisers where decisions are essentially informal, all other groups report their decisions as both formal and informal. All groups regard their decisions as mainly planned even though they can also be reactive and even accidental as is the case with informal intenders and formal realisers. Operational decisions are made by senior and middle managers acting individually or in small informal groups, however, they can also be made in formal meetings. The only exception is the group of informal realisers where decisions are not referred to as made in formal meetings.
Table 5.6. Decision making exercise: concepts and findings

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CONCEPTS</th>
<th>PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making exercise</td>
<td>Type and level of decisions</td>
<td>formal intenders</td>
</tr>
<tr>
<td></td>
<td>• financial</td>
<td>• financial</td>
</tr>
<tr>
<td></td>
<td>• marketing, market, commercial</td>
<td>• marketing, market, commercial</td>
</tr>
<tr>
<td></td>
<td>• human resources</td>
<td>• human resources</td>
</tr>
<tr>
<td></td>
<td>• control</td>
<td>• quality control</td>
</tr>
<tr>
<td></td>
<td>• strategic, tactic and operational</td>
<td>• investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• outsourcing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• strategic, tactic and operational</td>
</tr>
<tr>
<td>Characteristics of decisions</td>
<td>opportunistic and market oriented</td>
<td>formal realisers</td>
</tr>
<tr>
<td></td>
<td>• about operational and strategic issues</td>
<td>• opportunistic and market oriented</td>
</tr>
<tr>
<td></td>
<td>• related to opportunity creation and problem solving</td>
<td>• about operational and strategic issues</td>
</tr>
<tr>
<td></td>
<td>• formal and informal</td>
<td>• mainly related to opportunity creation</td>
</tr>
<tr>
<td></td>
<td>• mainly planned and reactive</td>
<td>• formal and informal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• planned, reactive and accidental</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• opportunistic and market oriented</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• mainly related to opportunity creation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• mainly related to problem solving</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• formal and informal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• planned, reactive and accidental</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• opportunistic and market oriented</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• mainly related to opportunity creation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• informal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• planned and reactive</td>
</tr>
</tbody>
</table>
The characteristics of the decision making process suggest a rather short term and issue oriented approach. Despite the opportunity creation attitude the frequent and opportunistic orientation leaves short space for a proper planning of decisions as proposed by Johnson and Scholes (1993). However, and as recognised by Maijers (1990), as a result of the growing amount of information the pace at which decisions need to be made also have to increase. In this context, and according to Maijers, for a business to remain competitive the use of intuition becomes inevitable.

5.4.3. Developing and planning strategies

Developing and planning strategies comprehends the strategy making process, planning characteristics and the planning activities (see Table 5.7). The analysis of the concepts and properties provides an understanding of the type of strategy practised by the company, how this is planned, who produces and provides inputs to the plan and how and when this is revised.

Strategy making process

Strategy making is a process developed by the administration. It is regarded as widely communicated, except in the case of informal realisers, and normally incorporates employees inputs. A consensus for the strategy is not always searched and in most of the cases the strategy is based on a structured and formal process aimed at the precise specification of corporate, business and functional strategies. The exception is the group of informal realisers where corporate strategy is the main objective of the process. The basis of strategy is the analysis of current and projected financial performance, market, social and economic trends and preparation of new budgets. The strategic plan is updated annually and also when internal and external conditions require it. In some cases it reflects a more reactive and unstructured stance as in the case of formal realisers. The strategic plan reviews market conditions, strategic goals and financial forecasts.

With the exceptions highlighted, it can be said that the strategy making process reported is very similar across the comparison groups despite the fact of some having
a formal written strategic plan and others not. In most of the cases informal planners’ strategy is even revised with virtually the same frequency as formal plans. However, there are some aspects worth further attention. In the case of some formal realisers, the fact that they have a non-written plan causes problems in terms of its revision. Another aspect of relevance is the lack of communication of strategy amongst informal realisers. As seen with the dissemination and sharing of information, the informality of the scanning process and now the informality of the strategy making process seems to create problems of communication and dissemination. Despite the fact that a more flexible approach to strategic planning and strategy formulation is more in line with the actual dynamics of the business environment (Maijers 1990), and that too much planning may lead companies to chaos (Mintzberg 1994), too little planning is seen by Mintzberg as even a worst option.

Planning characteristics

Strategy making process can be seen as based on the definition of long term objectives then translated into action programs with the allocation of resources as the central concern. In terms of segmenting accurately existing and potential businesses and understanding major competitors, within each group some companies do it and others do not. The only exception is the group of informal intenders where all respondents reported as segmenting both existing and potential businesses and markets and understanding competitors. All formal and informal intenders recognise their strengths and weaknesses, try to anticipate competitors’ important moves, and try to develop a long term sustainable competitive advantage over key competitors. Within the groups of formal and informal realisers, respondents have differing views. Whilst some see their strategy as essentially proactive others look at themselves as mostly following what the major players do in the market.

Formal and informal realisers reflect a more mixed attitude towards strategy making. This suggests a lesser proactive activity which is likely to be derived from the informality of their planning approach. As the plan is informal, or strategy based essentially on a “non-written plan” or “vision”, a careful analysis of the aspects mentioned above is less likely to happen at least in a carefully structured way.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CONCEPTS</th>
<th>PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing and planning strategies</td>
<td>Strategy making process</td>
<td>• administration’s strategy</td>
</tr>
<tr>
<td></td>
<td>• wide communication of strategy</td>
<td>• administration’s strategy</td>
</tr>
<tr>
<td></td>
<td>• sometimes based on consensus</td>
<td>• wide communication of strategy</td>
</tr>
<tr>
<td></td>
<td>• participative</td>
<td>• sometimes based on consensus</td>
</tr>
<tr>
<td></td>
<td>• corporate/business/functional</td>
<td>• participative</td>
</tr>
<tr>
<td></td>
<td>• finance/market based</td>
<td>• corporate/business/functional</td>
</tr>
<tr>
<td></td>
<td>• dynamically updated</td>
<td>• finance/market based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• dynamically updated</td>
</tr>
<tr>
<td>Planning characteristics</td>
<td>• long-term objectives and action programs</td>
<td>• long-term objectives and action programs</td>
</tr>
<tr>
<td></td>
<td>• resource allocation priorities</td>
<td>• resource allocation priorities</td>
</tr>
<tr>
<td></td>
<td>• segmentation of actual and potential businesses</td>
<td>• segmentation of actual and potential businesses not generalised</td>
</tr>
<tr>
<td></td>
<td>• understanding of major competitors</td>
<td>• understanding of major competitors not generalised</td>
</tr>
<tr>
<td></td>
<td>• not generalised</td>
<td>• understanding of major competitors not generalised</td>
</tr>
<tr>
<td></td>
<td>• anticipation of important competitors’ moves</td>
<td>• anticipation of important competitors’ moves not generalised</td>
</tr>
<tr>
<td></td>
<td>• awareness of strengths and weaknesses</td>
<td>• awareness of strengths and weaknesses not generalised</td>
</tr>
<tr>
<td></td>
<td>• development of competitive advantages</td>
<td>• development of competitive advantages not generalised</td>
</tr>
<tr>
<td>Planning activities</td>
<td>• production by the administration, board of directors and hotel managers</td>
<td>• production by the administration, board of directors and hotel managers</td>
</tr>
<tr>
<td></td>
<td>• inputs by hotel managers and department directors</td>
<td>• inputs by hotel managers and department directors</td>
</tr>
<tr>
<td></td>
<td>• administration’s plan</td>
<td>• several strategic plans and budget</td>
</tr>
<tr>
<td></td>
<td>• plan with general lines of action</td>
<td>• made by the headquarters using external consultants and internal inputs</td>
</tr>
<tr>
<td></td>
<td>• flexible planning due to the uncertainty of the market</td>
<td>• strategic plan transformed into a plan of actions</td>
</tr>
<tr>
<td></td>
<td>• five year plan with market and investment objectives</td>
<td>• implementation by the same people who developed the plan</td>
</tr>
<tr>
<td></td>
<td>• budget and marketing plan</td>
<td>• analysis of results and correction of possible gaps and distortions</td>
</tr>
<tr>
<td></td>
<td>• forecasts for the coming year</td>
<td>• control by the analysis of progress</td>
</tr>
<tr>
<td></td>
<td>• implementation through various marketing and sales actions</td>
<td>• informal service strategy</td>
</tr>
<tr>
<td></td>
<td>• control: comparing objectives/results</td>
<td>• implemented through a report</td>
</tr>
</tbody>
</table>

Table 5.7. Developing and planning strategies: concepts and findings
According to Stoner and Freeman (1986), strategic planning helps organisations defining their mission, directing and focusing their activities, and also becoming more responsive to changing environments. This need for formalising and managing strategy is also supported by Hofer and Schendel (1978), because it helps in the formulation of goals and objectives, in the identification of strategic issues, and in the allocation of strategic resources.

Planning activities
There are similarities across the four comparison groups, like the administration being the entity in charge of strategy planning either in conjunction with the board of directors and hotel managers or just by itself. The most relevant note, however, relates to the non-existence of a formal written strategic plan by realisers. Instead, they report as having a non-written plan, informal plan or vision. This informal plan is, however, formalised through the budget and marketing plan. The flexibility permitted by this type of plan is seen by respondents as a major asset as it allows them to keep an open attitude to business opportunities. The potential problem may occur when this flexibility is taken to a limit as in the case of informal realisers, and the company seems to be essentially trying to follow whatever the competition and the market ‘plays’. The other relevant note is the fact that the flexibility reported by formal and informal realisers is not an exclusive feature of these groups as formal intenders also report their plan as based on general lines of action to keep the company flexible in facing the uncertainty of the market.

As suggested on the comments re: planning characteristics, formalising and managing strategy and not leaving it to chance is a recommendation of major authors in strategy (Stoner and Freeman 1986; Hofer and Schendel 1978). Other authors also recognise that in smaller companies strategic planning is a less formal, almost continuous process (Vancil and Lorange 1977) as is the case of formal and informal realisers. Stoner and Freeman, however, argue that the reality for most organisations is not a choice between no planning and a complete, finely tuned strategic plan. Instead, the choice is more between no explicitly stated strategy and a conscientious attempt to develop one. This is more likely to be the case for hotel chains where
strategy is realised as the evidence suggests a number of positive outcomes for those companies moving toward more formality in strategy making (Maljers 1990; Stoner and Freeman 1986). Instead of following a more traditional approach to formal planning theories, this may be achieved in perhaps a more flexible way as suggested by Mintzberg (1994).

5.5. ORGANISATIONAL STRATEGY MAKING AND ENVIRONMENTAL SCANNING CONTEXT INTERACTION

In order to demonstrate how the categories and concepts generated interact with each other a theoretical framework (Figure 5.1), which conceptualises the findings in terms of the two central categories, is now presented. This process is proposed as an initial formulation of the key concepts and interactions that inform the strategic planning process and how the organisational strategy making is influenced by the environmental scanning context.

The effectiveness of strategic planning is directly related to the capacity for environmental scanning (Jain 1984). On the other hand, environmental scanning provides an understanding of current and potential changes taking place in the environment so providing important data for strategic decision makers. According to Fahey and Narayanan (1986), it also facilitates the development of strategic thinking in the organisation. The degree of benefit arising from undertaken environmental scanning, however, will depend on how these activities, scanning and strategic planning, are related to each other as suggested by Jain (1993).

In the case of the hotel chains operating in Portugal the relationship between environmental scanning and strategic planning is reflected in the way the environmental scanning context informs and interacts with the organisational strategy making. Even though differences between the comparison groups have been identified, the core processes can be seen as very similar when it comes to define objectives, make decisions, develop strategies and collect the relevant information needed to support these activities. As a result, the interactions now presented refer to
the four comparison groups and not to each one individually as the intention is to depict the central web of relationships amongst categories and concepts and not the negative variances. If we start on the left hand side of Figure 5.1 and follow the numbered arrows we will be able to walk through this interactive process.

Managers influenced by their scanning and information contexts and scanning activities identify and produce the information and level of knowledge they see as necessary to define the organisational direction (arrow 1). Initially, this level of knowledge is essentially limited to the sectors scanned, usually the operational environment, and the simplistic and mainly informal scanning procedures used - reading, watching television and interacting with staff and colleagues in the sector.

Based on the information and knowledge about the market and other operational aspects, the administration defines goals and objectives for the chain and hotel units in what can be considered a top down process. This is done with inputs from the board of directors and hotel managers. The actions to achieve these goals and objectives are defined and formalised through the budget and marketing plan. These actions are essentially reactive consisting of comparing results with objectives and proposing corrective or remedial actions. In order to achieve the goals and objectives forecasted in the budget so that distortions can be corrected managers keep scanning the core sectors so keeping their attention in the scanning context (arrow 2).

Once the goals and objectives have been defined and formalised (budget and marketing plan), the actions to achieve them have to be implemented. For this purpose decisions on the allocation of resources and how to go about achieving objectives have to be made (arrow 3). These decisions are varied covering such areas as finance, marketing, market, commercial and human resources, but with the market seen as the central area for decision. Decisions are of strategic, tactic and operational level, even though the majority of managers' time is spent on tactical and operational decisions.
Figure 5.1. Strategic planning process: key concepts and interactions

Organisational strategy making

<table>
<thead>
<tr>
<th>Organisational direction</th>
<th>Decision making exercise</th>
<th>Developing and planning strategies</th>
</tr>
</thead>
</table>
| Chains' goals/objectives | Type and level of decisions
Characteristics of decisions
Strategy making process
Planning characteristics
Planning activities |
| Units' goals/objectives
Achieving goals/objectives |                         |                                   |

Scanning context

<table>
<thead>
<tr>
<th>Scanning context</th>
</tr>
</thead>
</table>
| Core sectors scanned
Scanning procedures by sector |

Information context

<table>
<thead>
<tr>
<th>Information context</th>
</tr>
</thead>
</table>
| Area of information concern
Information sources
Uses of information |

Scanning activities

<table>
<thead>
<tr>
<th>Scanning activities</th>
</tr>
</thead>
</table>
| Information collection approach
Information gathering
Information analysis
Disseminating information
Sharing information |

Legend for arrows

1. Influence of environmental scanning context on the organisational direction
2. Re-focusing of environmental scanning context to obtain information for correcting distortions
3. Implementation of decisions to pursue organisational direction
4. Influence of environmental scanning context on decision making
5. Re-focusing of environmental scanning context as decisions are implemented
6. Formulation and selection of strategy as a result of the decision making exercise
7. Influence of environmental scanning context on the development and planning of strategies
8. Re-focusing of environmental scanning context as strategy needs to be revised and updated
In order to keep abreast of trends and events in the business environment so that their decisions can be better informed, managers use information from those areas considered as most relevant for achieving company’s objectives (arrow 4). Even though some areas are specific to certain comparison groups, those of competition, market and customers are common to all and, again, from the operational environment. In respect of the sources used to gather the information, preference goes to personal informal sources (other colleagues in the sector), and sources in general are used to improve management practices and strategy.

To be able to make well informed decisions managers argue that they have to look for specific information. In this situation their efforts go towards looking for information on those aspects seen as most relevant for their decision making activity (arrow 5). This need for specific information re-inforces the importance of the information context for decision making.

The decision making exercise at corporate level provides the formulation and selection of strategies defined to achieve company’s objectives. Despite its frequent, opportunistic and market oriented approach it is based on opportunity creation rather than problem solving. In some cases they are more formal in others more informal but still essentially planned (arrow 6). These planning of decisions is carried out despite the formality of the strategic planning approach (formal or informal written strategic plan).

The development and planning of strategy strongly relies on scanning activities. The fact that the scanning activity is centralised and occurs at the top levels of the organisation makes it closely related to the decision making and strategy development and planning which also take place at the corporate level (administration and board of directors). As a consequence, the collection, analysis and use of information supports the strategy making process (arrow 7). The information collection consists basically in a conditioned view or informal search, conducted mainly on an informal basis and as a part-time activity. No scanning unit where this activity is conducted following a pre-established plan, procedure or
methodology on a full-time basis exists. Analysis of information is normally carried out by the person receiving or collecting it. This makes the analysis limited to the skills and background interests and information needs of this person. This centralised activity also affects the dissemination and sharing of information as in most of the cases the receiver/collector and/or analyst is the same person using the information. As a result, information is only disseminated and shared if this person finds it appropriate and relevant. In other situations the information may even be lost in the system as the dissemination process is chosen by the person who has the information so no formal control is actually done.

The need for sound information is clearly stated by respondents who regard some of the sources as not reliable and for that reason they have to use market research companies, head office and other sources to gather the information they need. The rapid changes in the market place and the highly competitive environment also put a premium on accurate and on time information so emphasising the importance of the scanning activities (arrow 8). With the basis of strategy being the analysis of current and projected financial performance, market, social and economic trends it is obvious that scanning activities have to be clearly organised so that revision and update of the plan can be done on time to explore opportunities and avoid threats posed to the organisation. A higher degree of formalisation of the strategy process would also help clarifying and defining the structure of the environmental scanning activities which combined would potentially contribute to a more proactive stance.

Despite the informal essence of the environmental scanning procedures these are the pillars of the organisational strategy making as all decisions and actions are based on information regardless of its degree of formality. As a result, the quality and accuracy of the outcomes of the environmental scanning context are likely to affect the quality and outputs of the organisational strategy making.
5.6. CONCLUDING REMARKS

Hotel chains are mainly concerned with the operational environment reflecting a short term approach to management. This attitude is in contrast to the importance of the general environment which according to Fahey and King (1977), require an even greater degree of attention in the scanning activities. These, across the comparison groups, are mostly informal and part-time, without an organising process. The information resulting does not seem to be broad in scope and future directed as it should (Stubbart 1982). Information is basically collected after the events have occurred and no intention for a more prospective scanning is reported. The proactive stance towards environmental scanning suggested by Terry (1977) is hardly present in respondents' comments. In terms of the reliability of the sources available some are seen with suspicion so leading respondents to look for those they can trust like colleagues in the sector, head office and market research companies. Scanning is very much an individual activity mainly carried out by the person receiving the information who is normally the respondent. This structure of scanning poses problems in terms of analysis, dissemination and sharing of information, but staff attitude towards using the information available should also be a matter of further analysis as there seems to be a lack of interest in this respect.

In terms of strategy making, this is basically a top down process undertaken by the administration. Even though inputs from the board of directors and hotel managers are used, the goals and objectives, the actions to achieve them and decision making are all carried out by the administration. Formalisation is achieved through the budget and marketing plans and rarely through strategic plans. Decisions are made at the strategic, tactical and operational level, even though respondents see themselves as spending most of their time involved in the last two. The decision making process follows a frequent, opportunistic and market oriented approach, is based on previous experience and not very well structured. The existence of an informal plan is seen as a positive aspect as it allows greater flexibility of decisions. However, a more formalised approach to strategy development would bring added value to the organisation by having a more precise definition of mission and objectives and
focusing activities so becoming more responsive to the changing environments (Stoner and Freeman (1986). Achieving more formality without losing the flexibility so highly regarded can be done by following a more incremental and well informed approach (Mintzberg 1994).

In respect of the similarities and differences across the comparison groups, the differences are more in terms of content than process. In fact, the strategy making and environmental scanning procedures by the four groups studied are very similar, with the main differing aspects relying on the sectors scanned, areas of information concern and the degree of formality of the strategy making process. A higher degree of formality in the environmental scanning activities, namely the structuring of these activities into an organised process, has been proposed as beneficial for organisations (Jain 1993; Aaker 1983; Gilbert and Lorange 1977), as opposed to a number of loosely defined procedures. This process, however, is likely to face barriers some of which have already been referred. It is also apparent that companies will not formalise their strategy making process as they think it is good to keep things flexible. This is confirmed by research which reports decision and strategy making in smaller organisations as essentially informal and continuous (Stoner and Freeman 1986; Vancil and Lorange 1977). Despite this reality, it seems that a higher level of environmental scanning would benefit organisations where strategy is more or less formal (Jain 1993; Aaker 1983; Terry 1977). To confirm this, respondents were asked about the relevance of a formal environmental scanning process, its ideal structure and the possible barriers to its development and implementation. The findings are presented in the following chapter where cognitive maps of respondents’ perspectives and perceptions on the development of a formal environmental scanning process are given and analysed.
CHAPTER 6 - FINDINGS III - IDEAL ENVIRONMENTAL SCANNING PROCESS: RELEVANCE AND BARRIERS

6.1. INTRODUCTION

6.2. ASPECTS AFFECTING THE DEVELOPMENT OF A FORMAL ENVIRONMENTAL SCANNING PROCESS

6.2.1. Relevance of a formal environmental scanning process

6.2.2. Characteristics of a formal environmental scanning process

6.2.3. Barriers to a formal scanning process and how they can be overcome

6.3. CONCLUDING REMARKS
6.1. INTRODUCTION

The purpose of this chapter is to investigate respondents perceptions towards the development and implementation of a formal environmental scanning process. From the analysis of the findings in Chapters 4 and 5 it became apparent that scanning activities of hotel chains (both intenders and realisers), are essentially informal. The literature review, however, suggests that organisations would benefit from a more formal approach to environmental scanning. Some barriers to such a formal process (great concern for the operating environment, information mainly collected reactively, sources of information regarded as unreliable) emerged along the analysis. It seems also probable that other barriers (namely the organisational culture) are affecting the development of a formal scanning process as none of the companies reported any scanning process that could be classified as formal and continuous. To understand these barriers and other potential reasons for the existing scanning activities, respondents' views on the characteristics of an ideal formal environmental scanning process, its relevance, and possible barriers and solutions to overcome them are identified and analysed. Respondents' perspectives and perceptions on the development and implementation of a formal environmental scanning process are assessed using a cognitive mapping approach to display and explore existing situations and ideal solutions according to their perspectives. The output of this chapter is a series of propositions to guide future research and practice.

Maps are first analysed for content, where the types of concepts are assessed and their importance inferred, and then for structure, for this purpose domain analysis, heads and tails analyses are used. Domain analysis calculates the total number of in-arrows and out-arrows from each node (or construct), and is used to find out which concepts are most significant in the model in terms of the density of linkage around them. Heads are useful to be identified as they can often be goals or desired outcomes. Tails are also important as they are usually possible actions that a person might do in order to resolve a difficult problem, although they can indicate specific things that stand in the way of a solution.
6.2. ASPECTS AFFECTING THE DEVELOPMENT OF A FORMAL ENVIRONMENTAL SCANNING PROCESS

This phase of the analysis relates to the third aim of the research, *To explore and assess the relevance and structure of a formal environmental scanning process to be adopted by hotel chains as well as the barriers to this process and possible actions to overcome them*, and provides the answers to research questions three and four drawn from the results and discussion of the findings in Chapters 4 and 5. These questions are:

*What is the relevance and how should the environmental scanning process be organised so it could perform the information collection, analysis and usage activities to support strategic planning and decision making?*

*What are the main barriers to such a formal environmental scanning process and how can they be overcome?*

In respect of the analysis of the maps, these are considered by assessing their basic structure and the types of concepts within this structure. The interactions between concepts within the maps are also considered. The purpose of the cognitive mapping analysis is to identify emergent properties within the maps which may reveal distinctive approaches to a formal environmental scanning process between the comparison groups (Formal Intenders, Informal Intenders, Formal Realisers, Informal Realisers). The maps presented are essentially composed of single pole constructs as respondents rarely provided answers that could be used as contrasting poles. However, and as stated in Appendix F, the emergent pole only and contrasting pole only concept types are implicitly bipolar because Graphics COPE automatically infers the opposite pole of the concept.
6.2.1. Relevance of a formal environmental scanning process

Formal Intenders
As represented in Map 6.1, the majority regards the development and implementation of a formal environmental scanning process as something very important and we have been trying to do something similar. Three different sequences are represented on this map. On the left hand side a formal scanning process is seen as relevant to avoid creating a white elephant which serves nobody's needs, which can lead to lack of knowledge about available information [and] so it is not used. Another sequence starts with two main aspects (tails) representing the positive actions that the development and implementation of this process would bring to the organisation: allows compilation of information from different sources; and helps centralising the collection and analysis of information. These concepts may lead to a situation where the information collected and analysed [may] be provided to the units, board of directors and administration, which can lead to provide information to make quicker decisions on the market. This is seen as very important and something that the chains are already trying to do. A third sequence represents the views of a respondent who cannot rely on others to provide [the] information needed. As a result, the information is collected according to the respondent’s feeling:

There is no way I can depend on others for the information I need. I have to go and get the information myself following my instinct, this will tell me if I’m correct in betting on certain sources of revenue.

However, the development and implementation of a formal scanning process is seen by the majority of respondents as very important, with concept the information collected and analysed [may] be provided to the units, board of directors and administration, being the most important with the highest number of links around (3 links). This aspect reflects respondents’ perspectives on the dissemination and sharing of information which were reported in the previous chapter as limited and restricted activities.
Informal Intenders

The adoption of a formal environmental scanning process is seen as important and relevant by the respondents with one exception (see Map 6.2 for details). In general, respondents are (7) not happy with the existing situation of information collection and usage. This common situation represents the only tail in the map from which two different sequences derive. The sequence on the left hand side shows a stream of concepts highlighting the importance of a formal scanning process. Moving from the existing situation to a formalised process would (5) bring order to the information process, and (2) would help with the identification of market trends. This would also allow in (3) planning the resources properly, which is seen as having (4) great importance for managerial activity. This would lead to (6) greater efficiency which is regarded as (1) important and relevant.

The second sequence, on the left hand side of the map, starts from the same concept, (7) not happy with the existing situation, and reflects a rather different type of approach by the respondent’s organisation. Despite the fact that the existing situation is not ideal or even acceptable, the adoption of a formal scanning process (9) looks...
too theoretical seen from the existing reality. This results in a situation where it is (10) hard to see something similar happening due to existing circumstances. These circumstances can be further understood by a respondent’s comment: (11) I dream with a more organised and formalised structure of information. Despite the fact that they want more formalisation, (8) informal contact should be kept, because:

... in terms of human resources the informal contact is important so that people feel they are doing something to help the others and so reflecting the privileged contacts they have in the company.

Map 6.2. Informal Intenders’ relevance of a formal scanning process

The most important concepts in the map are concept (5) bring order to the information process, and concept (4) great importance for managerial activity, with 3 links around them. These central concepts are significant in terms of the density of the linkage around them but also in terms of how relevant they seem for respondents. It is apparent that the existing information activity lacks order and if this could be achieved it would also improve managerial activity.
Another relevant aspect emerging from the second sequence is the fact that even if a more organised and formalised structure could be achieved the respondent still thinks that informal contact should be kept. This reflects the inclination by respondents in this comparison group towards the use of informal sources whilst pleading for a formalised structure of scanning.

**Formal Realisers**

A formal environmental scanning process is either seen as "not just important but fundamental", or "helpful but not that relevant", by respondents in this group (see Map 6.3). Three sequences are clearly defined in the map, two of which reflect positive attitudes towards the adoption of a formal scanning process and one showing a negative attitude.

**Map 6.3. Formal Realisers' relevance of a formal scanning process**

In respect of the positive sequences towards the relevance of a formal scanning process, these have a common concept as their tail. In fact, respondents regard the
adoption of such a process as (9) important to define the information and communication circuits. From this common concept two consequences arise: a formal scanning process would (10) avoid the existing lack of communication among staff, and on the other hand it would have to be organised in such a way so as to provide (6) simple and objective information with just what we need to know. At this stage the sequences clearly diverge, highlighting two different concerns or perspectives. The sequence on the left hand side develops towards confirming the importance of a formal scanning process. By avoiding the existing lack of communication among staff and by just producing the necessary information which is also simple and objective, companies may (11) improve [the] information to disseminate in meetings (concepts 10 and 6 leading to concept 11). This would then (12) allow the production of a weekly newsletter to distribute to units. As a consequence of this situation, the scanning process (2) would allow quicker decision making, making it possible to say that (3) such a process is not just important but fundamental. Despite this positive attitude some concerns for the formalisation of the scanning process emerge. As a consequence of concept 6, respondents also expect the process to produce (4) information well balanced but also not exaggerated, and so (5) avoid[ing] too much information which confuses everything.

The third sequence reflects a negative view towards the relevance of a formal scanning process. In fact, this particular respondent regards it as (7) helpful but not that relevant. This attitude is explained and seen as a (14) result of company philosophy. This leads to a position where (13) not all the useful information gets to where it should go. According to this respondent, there is enough quality information in the company but it is not being used satisfactorily, as a result, instead of getting more information it would be (8) more important to know why information is not getting to certain areas of the organisation. This has to do with the “existing communication channels and how they should be organised to make information reach every person in the organisation.” Finally, the existing problem is seen as one of managerial style or attitude and (15) hierarchies are to blame for this situation as they have information which is not disseminated.
In terms of domain analysis, the most important concepts in the map are concepts (6) simple and objective information with just what we need to know, and (11) improve information to disseminate in meetings. These concepts have three links going into or out of them and represent some important aspects commonly regarded by respondents as central problems affecting their information needs: quality/objectivity of information and its dissemination/use by staff. Even in the case where the formalisation of the scanning process is seen as helpful but not relevant, the limited dissemination and use of information is still the main concern.

Informal Realisers

There are three distinctive views in this group regarding the importance of developing and implementing a formal environmental scanning process (see Map 6.4). In the first sequence on the left hand side, this process is seen as relevant and feasible as stated: (8) feasible to implement a formal process of environmental scanning. The implementation of this process, however, faces certain constraints such as the existing information structure. Respondents’ views are that a (9) better structure is needed to analyse and disseminate the information. This structure would have to allow a better analysis and flow of information. As a result of this change or re-structuring, the formal scanning process would (3) improve our informal and unstructured process of collecting and processing information. This is a central concept and one of the most important in the map revealing the importance of formalising the scanning process. Due to the existing informality and lack of structure in the information collection procedures, a higher degree of formalisation is seen as (4) so relevant that the company should structure and define these processes formally. As a consequence, respondents regard the benefits of a formal scanning process as (7) very important to improve the decision making process.

Other perspectives on the relevance of a formal scanning process are not so positive. This is either derived from the perceived relation between the cost of a formal process and the results obtained, or by the lack of importance of the process when what really matters is the “quality, insight and analytical” skills of the analyst. In the first case, the main aspect is to (6) see if information is relevant and if cost makes
effort worthwhile. In fact, the existing perception is that it is (5) possible that the cost and effort is superior to [the] benefits achieved. However, and despite this cost oriented approach, it seems that the essential aspects have to do with the scanning process and how useful the information is: (16) not to say that information is not important, it all depends on how it is collected and analysed and how useful it is.

Map 6.4. Informal Realisers' relevance of a formal scanning process

In the second case where a less positive attitude towards the implementation of a formal scanning process is shown, this apparently derives from the fact that there is no central information system. As stated by a respondent: (10) we are doing something but there is no sort of big system in the sky that puts everything together. There is a certain contempt for the process of information collection because the (11) nuggets of gold have to be sifted out of the river. This leads to a situation where (12) it is not the process that matters but the quality, insight and analytical ability of people. This attitude points towards an individualistic approach to collecting and analysing information highlighted in the previous chapters. This is further explained
by the following concept: 

(13) *I do not get masses of information because I don't have time to read and digest it all.* This lack of time to analyse and interpret information has two consequences: on one side, managers (14) *try to do the analytical work in the field,* and on the other, (15) *managers need information but it must have quality and be insightful.* The central concept here is the amount of information which managers can analyse and process (concept 13), and its consequences which are: on time analysis for quick decision making, and quality of the information. This is further confirmed in the following statement:

I think managers need to spot opportunities and not being driven by reports, they need to be opportunistic and some companies are better than others at that. Particularly if companies are expanding it is important to be opportunistic. As far as we are concerned we manage our business in a tightly controlled way without many layers of management. The management concentrates on the hotels, our owner is there and he is the guy I talk to. There is immediate response.

The domain analysis highlights concepts 3 and 13 as the central concepts in the map which despite the differing supporting views can be seen as related. In fact, if the first concept reveals the concern for a more formalised scanning process, the second reflects a characteristic that the scanning process should have so that it can be useful and have the potential to be adopted: produce small amounts of quality information.

**Notes on the comparison groups**

A more formalised scanning process is seen by the majority of respondents in all comparison groups as relevant and a vehicle to improve decision making which is in accordance with Fahey and Narayanan's view of the outcomes of environmental scanning (1986). In respect of the information process, the main problem faced by managers in hotel chains is that of dissemination and use of information. This concern has already emerged in the analysis of planning and scanning activities of hotel chain managers presented in the two previous chapters (Chapters 4 and 5, sections 4.3.5 and 5.3.3 respectively). The lack or limited dissemination and use of information is regarded as a result of the company's philosophy, with hierarchies seen as responsible for this situation. In fact, according to Engledow and Lenz
(1989), environmental scanning can be a powerful tool for strategic management if it has specific aims and objectives, and the commitment of the key players within the organisation.

In those cases where a formal scanning process is not regarded as very relevant, the reasons have to do with a lack of confidence in other members of staff, company philosophy (hierarchies do not disseminate information), and the fact that managers do not have time to analyse and process masses of information. Similar reasons were found in research by Olsen et al. (1992), where respondents reported that active problem solving is much more rewarding than time spent on environmental scanning. As a result, a formal scanning process would have to provide quality and objective information which is easy to use and at a low cost. This process should also improve the dissemination of information among staff. It seems, however, that before any of these steps towards the formalisation of the scanning process can be taken, a change in companies' philosophy is crucial. If this does not occur, hierarchies will continue to keep the information for their own use. As reflected in previous research (Olsen et al. 1994; Olsen et al. 1992; West and Olsen 1989), it is apparent that the existing organisational culture rather than the link to the strategic planning process is the cause for a lack of success in the development and implementation of a formal scanning process amongst hospitality organisations.

From this phase of analysis the following output propositions can be developed:

**Output proposition 1.** Hotel chains’ decision making process is likely to be improved if a higher level of formalisation in the environmental scanning process is achieved.

**Output proposition 2.** The successful adoption of a formal environmental scanning process is directly related to the quality, objectivity and format of the information produced as well as to a wider and more generalised dissemination and sharing of information.
Output proposition 3. Rather than the link to the strategic planning process, existing organisational culture is likely to be the main cause for the lack of success in the implementation of a formal environmental scanning process.

6.2.2. Characteristics of a formal environmental scanning process

**Formal Intenders**

Respondents' views on the characteristics of an ideal environmental scanning process present two related sequences with common actions (tails) as their starting point and links relating the desired outcomes (heads). There is also a deviant case where the information from previous years is seen as sufficient for decision making (see Map 6.5 for details).

In respect of the positive sequences, the starting points for a formal scanning process are the (9) particular information needs of each person, and a concern for (5) staff with less workload. In considering the first sequence, that on the right hand side, it develops from the identification of the particular information needs of each person (concept 9), which then leads to a situation where (2) access to more up to date information is needed. According to respondents, this derives from the problem faced in getting on time, the latest information on the market and other sectors of the business environment. This is seen as a:

... cultural problem where both hotel chains fail to answer quickly to the surveys received, and the laid back attitude of governmental and other professional organisations in publishing the results of their studies which delays the availability of rigorous and relevant information.

As a consequence of this situation, the formal scanning process would need (6) better information provided by professional bodies (tourist board), and (8) better market research available. This would then lead to the desired goal of (10) better knowledge of market trends, which is also informed by a more formalised process of scanning producing: (11) better and structured information.
The second sequence derives both from concept 9 and concept 5. The definition of information needs is important but having staff with less workload is also very important according to respondents. These combined actions would lead to a situation where the hotel chains consider (7) information function as a priority. To make this possible two things are regarded as necessary: (3) more people to perform the information function properly, and (12) more time to produce better analysis. These two concepts, in turn, would imply that hotel chains have to (4) dedicate more attention to the information function, which would result in (11) better and [more] structured information. The ultimate consequences of a formal scanning process organised in this way would be a (10) better knowledge of market trends, and the production of (1) information without bias.

Map 6.5. Formal Intenders' characteristics of an ideal scanning process

In considering the occurrence of deviant cases, within this comparison group, a respondent regards a formal scanning process as not needed as he has been in the hotel since it was opened and thinks that the information he managed to obtain is
enough (concept 14). In fact, he regards the information from previous years as sufficient to make decisions (concept 13). This attitude reflects an extremely reactive attitude where future decisions are made with 'yesterday’s’ data.

The most important concept in the map, based on the domain analysis, is concept (7) *information function as a priority*, with concepts 2, 4, 10 and 11, reflecting a second order of importance. In summary, it can be said that the main characteristic of a formal scanning process, according to respondents in this group, is having the information function as a priority. It follows the need for access to more updated information, which should be of higher quality, better structured, and allowing better knowledge of market trends. From their viewpoint, this can only be achieved by hotel chains dedicating more attention to the information function. On the other hand, a deviant case highlights the differing views of respondents within the same comparison group.

**Informal Intenders**

As can be seen in Map 6.6, the characteristics of a formal scanning process develop from a perceived need for (10) *more information on the market*, and also a (11) *better selection of relevant information*. Two sequences represent respondents views with a common goal as their head: (1) *faster decision making process*. In fact, this goal is a constant concern along the first sequence on the left hand side of the map. In this first sequence, a formal scanning process should be focused towards providing more information on the market which would then lead to (2) *better market and customer research*. For this to be possible (5) *more formalised directions from the top hierarchies* are needed. This change in hierarchies’ attitudes is crucial if (4) *better information from the different departments* is to be provided. Each one of these steps or concepts characterising an ideal scanning process are regarded by respondents as contributing to a (1) *faster decision making process*. Synergies between the different departments in terms of information sharing are aimed for at the same time as a change in the way hierarchies define the information process.
Whilst the priority in the first sequence is the provision of more information on the market, the second sequence reflects a concern for a (11) better selection of relevant information. This situation is a result of the quality and quantity of the existing information which means hotel chains having to (12) avoid too much information of poor quality as is the existing situation. What respondents then want is (6) information summarised and ready to use. For this to be possible it has to be (7) stored by each person receiving it, and at the same time there must be a commitment to have the (3) information received transmitted weekly, monthly and annually. The combined action of these two concepts, storing and dissemination, will mean that the information can be (8) used by everybody, which then leads to a (1) faster decision making process.

Map 6.6. Informal Intenders’ characteristics of an ideal scanning process

A domain analysis of Map 6.6 reveals concept (1) faster decision making process, as the most important in the map, followed by concepts 2, 6 and 8 as those with the
highest importance after concept 1. These concepts, also seen as characteristics of an ideal formal scanning process, reveal some interesting aspects. First, the most relevant aspect for respondents is the decision making process and not the strategic planning or any other form of strategy development. Second, the reported need for better market and customer research once again confirms the operational environment as having the most importance for hotel chains' managerial activities.

**Formal Realisers**

As reflected in Map 6.7, the majority of respondents regard a formal scanning process as relevant and suggest that it should be *(11) computerised*. There is one case, however, where this process is not seen as relevant because *(17) It works as it is.*

The sequence on the left hand side starts with one of the main actions respondents regard as necessary to formalise the scanning process: it has to be *(11) computerised.* To be able to develop a scanning process which is supported by computer facilities, hotel chains need *(14) more staff and time to collect and analyse the information needed.* This is a central aspect from which two consequences arise: it will be possible to have the *(13) information concentrated on a single source,* and also *(15) more information available like a continuous customer survey.* Concept 16, in turn, is also linked to concept 13, as the existence of more information will result in a need for a more organised format of the information being made available. The final consequence or major goal is to have *(12) quick access to information.*

In respect of the second sequence, the existing scanning procedures are enough as the process *(17) works as it is.* The explanation given to support this view is that if a more formal scanning process is implemented the quality of information will suffer as *(18) if we ask for too much information we get information which is not accurate.* As perceived by the respondent, another potential problem related to the implementation of a scanning process is the fact that *(22) sensitive information can only be obtained informally, if we formalise the process we may lose it.* On the other hand, there is not the case of a lack of information as there is *(20) enough*
information available if correctly analysed and looked at. It seems that from one side keeping a certain informalism in the process is fundamental, but on the other, the current procedures are not making the most out of the information available: (21) the existing type of analysis is not the most comprehensive.

Map 6.7. Formal Realisers' characteristics of an ideal scanning process

![Diagram of Map 6.7]

The most important concepts in support of a formal scanning process, based on the domain analysis, are concepts 13 and 14. The respondents' perspective is that if more staff and time to collect and analyse information is available then more information will be produced which have to be concentrated on a single source. As a result, access to information will be much quicker.

In the case of a non-supportive view of a formal scanning process and according to the same analysis, the most central concept is that related to the amount of information which we ask for (concept 18). It is the respondent's view that if we ask for too much, then the quality of the information will decrease and we will be provided with inaccurate information. This is an interesting perspective as the concept suggests that it is better to make decisions based on limited information than trying to be better documented at the expense of the accuracy of information.
Informal Realisers

Two actions (tails) are on the base of a formal environmental scanning process (Map 6.8). Some respondents are more concerned with the format of the information and how this is delivered (concept 2), whilst others regard the information as a 'weapon' to fight the power of tour operators (concept 11). In the case where the process and format are the most relevant characteristics, sequence on the left hand side, the consequence is that hotel chains would be provided with (3) information which is easy to share. This concept then informs concept 4 and is also connotatively linked to concept 8. In terms of the causal link to concept 4, the explanation is that for information to be easily shared it is suggested that (4) information [could be] inputted by each department director and [made] available to everybody. This would then allow chains to (6) make communication of information as fast as possible, whilst taking into account that (7) communication needs to be direct, personal and verbal (concept 4 leading to concept 6 and 7, with concept 6 also leading to concept 7).

Map 6.8. Informal Realisers' characteristics of an ideal scanning process

<table>
<thead>
<tr>
<th>Concept</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Information on computerised network delivered in a given format</td>
</tr>
<tr>
<td>3</td>
<td>Information which is easy to share</td>
</tr>
<tr>
<td>4</td>
<td>Information inputted by each department director and available to everybody</td>
</tr>
<tr>
<td>6</td>
<td>Make communication of information as fast as possible</td>
</tr>
<tr>
<td>7</td>
<td>Communication needs to be direct, personal and verbal</td>
</tr>
<tr>
<td>8</td>
<td>Information available and shared by competitors</td>
</tr>
<tr>
<td>9</td>
<td>Internal individual analysis</td>
</tr>
<tr>
<td>10</td>
<td>Information allowing a benchmarking process</td>
</tr>
<tr>
<td>11</td>
<td>Information to fight the absolute dependence on tour operators</td>
</tr>
<tr>
<td>12</td>
<td>Better circulation of information between directors and sharing with employees</td>
</tr>
<tr>
<td>13</td>
<td>Information on a network delivered in a given format</td>
</tr>
</tbody>
</table>
The second sequence in the map is based on the respondents' views that the main action in the scanning process should be to get (11) information to fight the absolute dependence on tour operators. This is seen as a common problem to all hotel chains dealing with major international tour operators. As a result, companies should get together and make (8) information available and shared by competitors. This is directly linked to concept 3, as the format of information will make it more or less easy to share. On the other hand, if information is available and shared externally, this can also contribute to (12) better circulation of information between directors and sharing with employees. Both concepts 10 and 12 are linked to some kind of (9) internal analysis. Concept 10 is connotatively linked to concept 9 meaning that they are mutually associated, and concept 12 leads to a higher degree of internal analysis. Finally, the desired goal in this sequence, resulting directly from concepts 9 and 12, can be seen as an ideal situation where chains would have the (13) information on a network delivered in a given format.

A domain analysis of Map 6.8 shows concepts 4, 8 and 12 as the most important in the two sequences represented. No deviant cases occur within this group, with respondents regarding the inputting of information as a procedure that could be undertaken by heads of department. This reflects the existing reality of hotel chains where the “hierarchies are those receiving and holding most of the information.” Availability and sharing as well as better circulation of information are seen as essential characteristics of an ideal formal scanning process.

Notes on the comparison groups
The main characteristics of a formal environmental scanning process for formal intenders are: information function as a priority, access to more up-to-date information, better knowledge of market trends, and better and more structured information. A process with such characteristics would improve the scanning activities previously reported by this group (Chapter 5, section 5.3.3), particularly in terms of information analysis, dissemination and sharing. One respondent, however, reports differing views from the majority of the group. In this deviant case, the
perception is that the respondent has the information needed, this being that from previous years. This reactive attitude is likely to limit exploration of opportunities or even adaptation to the company’s environment, as this is not an exercise about the past but instead about future events and trends (Hambrick 1982; Aguilar 1967).

The informal intenders group set forth other characteristics they regard as important in a formal scanning process: provide information for a faster decision making process, better market and customer research, information summarised and ready to use, and information which can be used by everybody. The decision making process is the most relevant for respondents and no reference was made to the fact that a better scanning process could improve the strategic planning process or other forms of strategy development. This can be seen as directly related to the decision making process reported by respondents, both formal and informal planners, in Chapter 4, section 4.2.7, where the vast majority regard their decisions as frequent, opportunistic and market oriented. However, this procedure of extracting implications from the data for decision making purposes is established as one of the main functions of environmental scanning (Daft et al 1988; Lenz and Engledow 1986; Stubbart 1982).

On the other hand, the need for better market and customer research also confirms those factors seen as most affecting company performance in the short term, competitor pricing strategies and current customer needs (Chapter 4, section 4.3.1), and as such requiring a great deal of attention. This is somehow in accordance with Terry’s (1977) views that scanning needs to consider all possible influences in the company, even though, it should be more broad in scope and future directed (Stubbart 1982). Another aspect has to do with the existing time constraints, normally deriving from the positions occupied by respondents. For this reason, information summarised and ready to use is at a premium. Its format, on the other hand, has to be such that it will allow dissemination and usage by everybody.

Formal realisers regard the following as the most important characteristics of a formal scanning process: information concentrated on a single source, and more staff and time dedicated to collect and analyse the information needed. It is suggested by respondents’ answers that the simplistic and individual forms of analysis as well as
the part-time nature of environmental scanning (Chapter 4, sections 4.3.5 and 4.3.7, respectively), would be improved by a more formalised scanning process. On the other hand, and as disclosed by the previous group, the structure of the scanning process has to allow the concentration of information on a single source, making dissemination and use much easier than the existing procedures. These same aspects are addressed by Aaker (1983), who proposes a structured approach to environmental scanning by using internal resources and concentrating on the storage, processing and dissemination of information as ways to improve the scanning process. Not all respondents, however, feel the need for a more formalised scanning process. It is a respondent's view that the output of such a process would be more information than that needed, at the expense of accuracy. The reason being that if people are asked for too much information they will provide quantity as opposed to quality information. Another concern about excessive formalisation is the fact that sensitive information, like that obtained from competition, can only be obtained informally and if the "rules of the game change we might lose very valuable information". Despite this acceptance of the existing status quo, the existing type of information analysis is regarded as "not the most comprehensive". In this case, it is likely that a more formalised scanning process could, at least, improve the analysis of existing information. On the other hand, if an integrated approach is adopted (Aaker 1983), companies may have a higher degree of control on the quality and accuracy of the information, whilst at the same time delimiting its output by clearly defining their information needs.

One of the central ideas in Map 6.8 (informal realisers) is that the information could be inputted by each department director and made available to everybody. However, due to the position and responsibility of these members of staff this may not be an ideal situation, as even the existing information is kept and not widely disseminated. This limitation could be overcome by partitioning the scanning tasks and involving those executives and staff involved in the planning process as well as other members who are exposed to useful information sources. Having the information available and shared either internally and externally are also fundamental characteristics of a formal scanning process for this group. Once again, availability, dissemination and
sharing are central ideas of an improved environmental scanning process as the existing situation is one of very limited dissemination with sharing occurring essentially within the administration (Chapter 5, section 5.3.3).

From this phase of analysis the following output propositions can be developed:

**Output proposition 4.** An ideal formal environmental scanning process will be one which is organised in such a way that it allows the production of information for on time decision making.

**Output proposition 5.** The scanning tasks of a formal environmental scanning process will have to be partitioned amongst decision making staff as well as other members of the organisation so that more up-to-date information can be produced.

**Output proposition 6.** To allow wide dissemination and sharing of information the scanning process will have to contemplate a system for storing, processing and making information available so it is in a format ready to use.

6.2.3. Barriers to a formal scanning process and how they can be overcome

**Formal Intenders**

According to Map 6.9, respondents’ perceptions of the barriers to a formal environmental scanning process can be seen as originating in two specific aspects: *(2) information delayed three to four months which reflects the national culture,* and the *(3) lack of people to perform the information functions properly.* These concepts are on the base (tail) of two sequences highlighting the barriers to the implementation of a formal environmental scanning process and the possible actions to overcome them. The first sequence, left hand side of the map, derives both from concepts 2 and 3, where the delay in getting current information and the lack of people to undertake environmental scanning result in a situation where *(4) excess of workload limits staff's attention to information function.* The small number of people in charge of the scanning activity has to put an extra effort in trying to collect up-to-date quality
information when this is not readily available. To avoid the excessive workload resulting from the combination of concepts 2 and 3, and so allowing more attention to the information function, respondents suggest: (4) *more time or less workload* given to members of staff in charge of scanning. The reality, however, is that overworked staff also have other functions to perform which are regarded as more important than the scanning activity: (5) *other priorities to be performed prior to the information function*. If staff is seen as mainly focusing on the scanning activity this is considered as (9) *too much time away from main responsibilities*, which suggests that scanning is of secondary importance. However, hotel chains could (9) *save time by having [the] same information system for different units*. This is seen as a way to improve the synergies achieved through a centralised scanning process.

**Map 6.9. Formal Intenders' barriers to a formal scanning process and actions to overcome them**

The second sequence showing the barriers to a formal scanning process develops from concept 3, and is mainly concerned with the lack of people and skills to undertake environmental scanning. On one side, (6) *staff lacks knowledge in using...*
information available. In overcoming barriers to more formalised scanning, companies will have to deal with the existing limitations. Some of these can possibly be overcome by hotel chains developing a programme to (6)\textit{train staff to use information}. Another limitation hotel chains have is the (8)\textit{lack of skilled staff to develop a scanning system}. To solve this problem these companies suggest one of two solutions: (8)\textit{train people or bring outside skills}. Each of these solutions will have costs and implications for the company’s structure because, and as stated by a respondent, the “relationship between costs and benefits are always on the basis of any decision”.

As was the case in the two previous sections, 6.2.1 and 6.2.2, there is a deviant case in this group which do not see any relevance in a more formalised scanning process because he has the necessary information for his decision making process (concept 14). Instead of barriers to a formal scanning process, he regards the existing information activities as affected by some limitations. In certain situations there is (12)\textit{no knowledge of some information by new staff}, and in others, what happens is the (11)\textit{lack of time [is used] as an excuse not to analyse information available}. A possible solution to the limitation in concept 11, which can also be applied to concept 12, is to (11)\textit{make staff more responsible for analysing [existing] information}. As the lack of time is just an excuse (concept 11), the respondent sees (13)\textit{no need for more information}. Both concepts 12 and 13 lead to a final conclusion where there is (10)\textit{sufficient information but not fully used}. Interesting to note is the action proposed by the respondent to overcome this situation: an (10)\textit{uniform process of information collection and usage}. This can be seen as very much in accordance with a formalised scanning process.

A domain analysis reveals concept (4)\textit{excess of workload limits staffs attention to information function...more time or less workload}, as the most important in Map 6.9. It seems that overworked staff, or even the lack of skills to perform the scanning activities, are just explanations for a deeply ingrained barrier to the scanning process: the importance given to the scanning activity, second to other priorities. This is apparent in those situations where more formal scanning is seen as relevant as well as
in those where enough information is available. As a result, the proposed actions to overcome these barriers are likely to be irrelevant if the scanning process or “information function”, is not ‘promoted’ to the same level of importance as “other priorities”.

**Informal Intenders**

As reflected in Map 6.10, barriers to formal environmental scanning derive from two main areas of concern for respondents: finance and formality of decisions (concepts 5 and 10 respectively). In analysing the first of the two sequences represented on the map, that on the left hand side, the originating barrier and proposed overcoming action are: (5) financial costs...get financial support needed. This leads, and is also influenced, by the (1) excess of available information...choose objective information. In fact, due to the amount of information available in the chains, it is hard to explain the need for further information. The proposed action to overcome this barrier shows, however, another hidden barrier which is the poor quality/objectivity of the information available. According to respondents, the low investment also produces low quality information. From this excess of information two consequences derive: from one side it is (8) hard to justify the money spent in such a process...change attitude towards importance of information, and on the other, hotel chains need to (2) decide how to select the information. Concept 8 is also a consequence of: (3) lack of time, (4) staff not using available information, and (7) human resources limitations. The proposed action to overcome the limitation represented by concept 8 seems to be much more relevant than that in concept 5. In fact, the success of a formal scanning process is highly dependent on the commitment of the key players in the organisation (Engledow and Lenz 1989).

In the case where barriers derive from a (10) lack of formality of decisions, the proposed action to overcome this barrier is the existence of (10)...more precise orientations. This lack of formality leads to (9) communication barriers, and also (12) financial constraints to a formal scanning process. As the directions are not clear, what information is needed by the chain and its importance are not clear either which results in a lack of investment in the scanning activities. The action proposed
to solve this problem is the existence of (12)...more financial resources available. However, more investment in the scanning activity is not likely to produce the expected results if the structure of decisions is not changed to encompass a new attitude towards scanning. This is reflected in concept (11) slow decision making process...formalise decision making process, which is a consequence of both concepts 9 and 12. According to respondents, it is apparent that slow decision making affects the development of a formal scanning process as the decisions taken will not need more than the existing information. For a scanning process to be seen as relevant the decision making process has to be formalised. Concept 11 then leads to the situation where (13) information received is not objective, which is seen as a result of the "lack of clear objectives and a culture of subjectivity practised by certain members of staff." The proposed action to overcome this lack of objectivity in the information is to (13)...clarify and make information objective, which "would be of tremendous relevance and seems perfectly possible through a formal scanning process".

Map 6.10. Informal Intenders' barriers to a formal scanning process and actions to overcome them
Domain analysis reveals concept 8 as the most important, followed by concept 11. According to Olsen et al. (1992, p. 58), one of the main barriers to a formal scanning process is the difficulty in justifying any investment to be made in such a process or "soft' activities as scanning". As regarded by respondents, only a change of attitude towards the importance of information will make the implementation of such process possible. On the other hand, the characteristics of the decision making process are also likely to act as barriers, as a slow and mainly reactive decision making process is not expected to demand a higher level and quality of information.

**Formal Realisers**

Barriers to a formal environmental scanning process represented in Map 6.11 are related to the quality of information and limitations internal to the organisation. It is respondents’ perception that (14) existing external information is biased, which leads to a (13) lack of sound external information. This would be a major problem to a formal scanning process. At the moment, respondents try to overcome this problem by relying more on “friends and colleagues in the sector because we know that we can trust them.” This confirms “Talking to friends and professionals in the sector” as one of the scanning methods used by informal planners (Chapter 4, section 4.3.4).

In respect of internal limitations, two sequences are presented: the first originating from concepts 6 and 7, and the second on concept 9. In terms of the first sequence, a (6) lack of operational resources, and limitations of (7) budget, economic aspects and time, are seen as the central barriers standing in the way of a formal scanning process. To overcome these barriers chains have to: (6)...introduce [a] computerised information system, and guarantee the availability of (7)...more resources to allow higher level of scanning. By having the information system computerised, through outside technicians, respondents expect to overcome the first barrier. On the other hand, by getting the financial support needed, they foresee a higher level of scanning occurring. These two limitations are then linked to a third one which is the (8) lack of staff to perform the function, for which, the appointed solution would be to get (8)...more skilled staff to analyse information. It is apparent that the lack of resources, technical, financial and human, are a result of the same problem faced by
informal intenders: the secondary importance of the information function. This is further confirmed by the next barrier, \((15)\) no precise definition of information needs, sources or type of analysis, which is also a consequence of the fact that \((1)\) hierarchies do not disseminate information down the line. This barrier can be overcome through a \((1)\) ... change [in] attitude towards using and sharing information. It is likely that if this last action could be implemented all other internal barriers would be removed as the scanning process would then have the commitment of the key players in the organisation.

Map 6.11. Formal Realisers' barriers to a formal scanning process and actions to overcome them

| 13 lack of sound external information available | 1 hierarchies do not disseminate information down the line ... change attitude towards using and sharing information | 10 reports produced in duplicate |
| 14 existing external information is biased | 8 lack of staff to perform the function ... more skilled staff to analyse information | 12 dispersed information ... political decision from administration |
| 6 lack of technical and operational resources ... introduce computerised information system | 15 no precise definition of information needs, sources or type of analysis | 11 staff behaviour and attitudes towards change ... waiting and helping people to adapt |
| 7 budget, economic aspects and time ... more resources to allow higher level of scanning | 4 no delegation of responsibility | 3 aged staff using skills acquired 20 years ago |
| 9 no barriers just a question of priorities | 12 dispersed information ... political decision from administration | 3 aged staff using skills acquired 20 years ago |

In the second sequence relating to internal limitations, apparently, as posed by the respondent, there are \((9)\) no barriers just a question of priorities. However, and as these priorities were analysed, other aspects were highlighted. In fact, these priorities lead to both \((4)\) no delegation of responsibility, and to a situation where the hotel chain has to deal with \((3)\) aged staff using skills acquired 20 years ago. As a result of these situations, a major internal problem “facing any type of new project or development” is \((11)\) staff behaviour and attitudes towards change, which can only be overcome by \((11)\) ... waiting and helping people to adapt. This behaviour and
attitude results in information problems, which may also be considered as barriers to a formal scanning process. Some of these are: (10) reports produced in duplicate, and (12) dispersed information, which can only be changed by a (12)...political decision by the administration. It looks that the apparent priorities referred to by the respondent are just a ‘mask’ to cover deeper organisational problems.

Based on a domain analysis, concept (11) staff behaviour and attitudes towards change...waiting and helping people to adapt, emerges as the most important, followed by concept (8) lack of staff to perform the function...more skilled staff to analyse information. The relevance of concept 11 can be seen as further emphasised by the following statement:

One way to overcome the existing barriers would be to avoid staff going through the natural phases of evolution within an organisation where they reach a stage of stagnation, reacting against anything that is new. This would require a permanent effort of adaptation to new realities.

This change in staff’s attitudes coupled with a “political decision by the administration” regarding the information function, would be major steps towards the implementation of a formal scanning process.

Informal Realisers
As reflected in Map 6.12, the main barriers to a formal scanning process consist of (5) mental barriers from people at decision level, and (8) too detailed information. The action proposed to overcome mental barriers, (5)...better performance achieved, reveals a short term perspective by those in charge of the organisation. Apparently, if better performance is not achieved it will not be possible to implement a formal scanning process. This is further confirmed by other limitations deriving from concept 5: (1) financial limitations, (2) time constraints, (6) lack of vision, and (7) company reactive attitude. In respect of concepts 6 and 7, the actions proposed to overcome barriers reveal the need for some fundamental changes which are likely not just to allow the implementation of a scanning process, but to produce an entirely new organisational approach. These actions consist of (6)...better definition of goals
and objectives, and a (7)...proactive attitude towards the market. On the other hand, mental barriers can also be seen as being affected by the (4) limited importance of the information, and the (10) poor quality of information, with the latter also causing the former. This lack of quality of information also contributes to the existing reservations to the value of a formal scanning process. However, and as seen by respondents, more quality can be achieved through (10)...support from government in getting good quality information, and the importance of information can be increased if hotel chains have a (4)...better definition of information needs.

Map 6.12. Informal Realisers' barriers to a formal scanning process and actions to overcome them

In respect of (8) too detailed information, the existing view is that what hotel chains need is (8)...summarised information. According to respondents, a formal scanning process would create even more detailed information which is seen as a barrier. In terms of existing barriers, the (15) lack of interpretative information, resulting from excessive information, is another major problem. This could be resolved by (15)...cut[ing] down on the amount of data required. This could be achieved through (9) planning and organising the scanning process, which would lead to a (17) process based on computer network. Despite the initial idea that a formal
scanning process would create problems by increasing the amount of information available, the identified solution for this problem is, in fact, "planning and organising the scanning process".

The most important concept in Map 6.12, following a domain analysis, is concept (5) mental barriers from people at decision level. Apparently, most of the other barriers derive from this particular one. If decision makers understand and feel the need for a formal scanning process it is likely that other barriers will either be overcome or minimised. This is essentially confirmed in the following statement:

...the limitations aren't that big but I would need to make a rather radical change in the way I do things. In fact, I would like to have more information but this is not so annoying as to make me jump up and down shouting for certain information.

Notes on the comparison groups
A first analysis across the comparison groups of the main barriers to a formal scanning process reveals the excess of workload, the relationship between cost and benefit of information process, decision makers and staff attitudes as the main barriers. In respect of the actions to overcome them, these consist of creating the necessary conditions for formal scanning to occur, a change in decision makers and staff's attitudes, and establishing a direct relationship between the cost of a formal scanning process and an improvement in performance (see Table 6.1 for details).

<table>
<thead>
<tr>
<th>Table 6.1. Summary of main barriers and actions to overcome them</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Barriers</strong></td>
</tr>
<tr>
<td>Form</td>
</tr>
<tr>
<td><strong>Formal Intenders</strong></td>
</tr>
<tr>
<td>Informal Intenders</td>
</tr>
<tr>
<td>Form</td>
</tr>
<tr>
<td><strong>Formal Realisers</strong></td>
</tr>
<tr>
<td>Informal Realisers</td>
</tr>
</tbody>
</table>
A further analysis however, reveals other no less important barriers. The quality of the information available is seen by all groups as a major reason for the lack of importance of a more formal scanning process. In fact, if the information is not reliable, why invest in producing even more? These findings are also in accordance with those of West and Olsen (1989), where these authors found the lack of good, reliable information as one of the major weaknesses associated with the scanning endeavour. Another major barrier across the four comparison groups is the decision makers’ attitude towards such a process. As highlighted in previous chapters, decision makers are responsible for the majority of the scanning (Chapter 4, sections 4.3.7), keep most of the information for their own use and limit the dissemination and sharing of information (Chapters 4 and 5, sections 4.3.5 and 5.3.3 respectively). As a result, it is understandable that they may create limitations to such a process. From one side, it is possible that they may have information enough for the decisions they have to make. On the other hand, a wider process providing information to a more generalised public may be seen as a waste of time and investment when there are “other priorities to be performed prior to the information function.” The difficulty in evaluating quantitatively the information resulting from scanning is also seen as a major barrier to a formal scanning process (Olsen et al. 1992).

Taking these barriers into account, it is apparent that the actions proposed and stated in Table 6.1 are not by themselves sufficient to overcome them. Perhaps a combination of some of the proposed solutions would provide a more comprehensive list of those recommendations to take into account in the implementation of a formal scanning system. These are based on respondents’ proposed actions and can be summarised as:

- change in administrations’ attitude towards the importance of information;
- formalise decision making process;
- change in hierarchies’ attitude towards using and sharing information;
- better definition of information needs and sources to provide quality information;
- more skilled staff to collect and analyse information.
By re-thinking the organisation’s approach to the relevance of information, hotel chains would tackle the more central barrier to a formal scanning process: the information function not regarded as a main priority. All related operational problems would be solved if key players in the organisation were supportive and committed to such process (Engledow and Lenz 1989).

These observations lead to the development of a further set of output propositions:

**Output proposition 7.** The development of a formal process of environmental scanning will be dependent not just on the resolution of operational limitations, like time, personnel and finance, but essentially on a change of perspective by decision makers towards the importance of the information function.

**Output proposition 8.** If managers introduce a higher level of formalisation into their decision making process it is likely that they will need other type of information, more reliable and in a more easy to use format than that now used.

**Output proposition 9.** A change in managers’ attitudes towards the use, dissemination and sharing of information is likely to produce more informed and quick decisions, so achieving company information synergies.

**Output proposition 10.** A better definition of information needs and the identification of the most relevant and reliable sources are likely to improve the quality of the output of the scanning process by at the same time reducing the amount of information available.

### 6.3. CONCLUDING REMARKS

This chapter explores the research questions raised from the analysis of chapters four and five, with the aim to determine the relevance, characteristics and barriers to a formal scanning process as well as the possible actions to overcome them. Cognitive maps for each of the comparison groups have been produced and analysed for
content and structure. From the analysis a number of output propositions have been
developed and will be used to support the recommendations presented in the next
chapter. To allow a better identification of the themes covered in the output
propositions these are summarised in Table 6.2 by area of concern.

From the analysis of the output propositions two main areas affecting the
development of a formal environmental scanning process can be identified: *Decision
making and managerial attitudes related*, and *Environmental scanning process
related*. In the case of the output propositions related with the first area, these cover
aspects like the formalisation of the decision making process; changes in the existing
organisational culture and perspectives towards the importance of information, its
dissemination and sharing. In respect of the second area, the main limitations to a
formal scanning process have to do with: the quality, objectivity and format of the
information produced; the organisation of the scanning process; the system to store,
process and disseminate the information; and the definition of information needs and
sources.

These different areas of concern will affect the development of a formal scanning
process in different ways as they imply changes at different levels within the
organisation. These will be the central aspect to be covered in the next chapter were
the necessary conditions for the implementation of a formal environmental scanning
process will be presented and discussed.
<table>
<thead>
<tr>
<th>Output Propositions</th>
<th>Key Ideas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision making and managerial attitudes related</strong></td>
<td></td>
</tr>
<tr>
<td>OP1</td>
<td>Hotel chains' decision making process is likely to be improved if a higher level of formalisation in the environmental scanning process is achieved.</td>
</tr>
<tr>
<td>OP3</td>
<td>Rather than the link to the strategic planning process, existing organisational culture is likely to be the main cause for the lack of success in the implementation of a formal environmental scanning process.</td>
</tr>
<tr>
<td>OP7</td>
<td>The development of a formal process of environmental scanning will be dependent not just on the resolution of operational limitations, like time, personnel and finance, but essentially on a change of perspective by decision makers towards the importance of the information function.</td>
</tr>
<tr>
<td>OP8</td>
<td>If managers introduce a higher level of formalisation into their decision making process it is likely that they will need other type of information, more reliable and in a more easy to use format than that now used.</td>
</tr>
<tr>
<td>OP9</td>
<td>A change in managers' attitudes towards the use, dissemination and sharing of information is likely to produce more informed and quick decisions, so achieving company information synergies.</td>
</tr>
<tr>
<td><strong>Environmental scanning process related</strong></td>
<td></td>
</tr>
<tr>
<td>OP2</td>
<td>The successful adoption of a formal environmental scanning process is directly related to the quality, objectivity and format of the information produced as well as to a wider and more generalised dissemination and sharing of information.</td>
</tr>
<tr>
<td>OP4</td>
<td>An ideal formal environmental scanning process will be one which is organised in such a way that it allows the production of information for on time decision making.</td>
</tr>
<tr>
<td>OP5</td>
<td>The scanning tasks of a formal environmental scanning process will have to be partitioned amongst decision making staff as well as other members of the organisation so that more up-to-date information can be produced.</td>
</tr>
<tr>
<td>OP6</td>
<td>To allow wide dissemination and sharing of information the scanning process will have to contemplate a system for storing, processing and making information available so it is in a format ready to use.</td>
</tr>
<tr>
<td>OP10</td>
<td>A better definition of information needs and the identification of the most relevant and reliable sources are likely to improve the quality of the output of the scanning process by at the same time reducing the amount of information available.</td>
</tr>
</tbody>
</table>
CHAPTER 7 - DISCUSSION OF FINDINGS AND CONCLUSIONS

7.1. INTRODUCTION
7.2. THE STUDY
7.3. THEORETICAL CONTRIBUTIONS
   7.3.1. Intended and realised approaches to strategic planning and environmental scanning
   7.3.2. Strategic planning and environmental scanning relationship
   7.3.3. Relevance and structure of a formal environmental scanning process
   7.3.4. Barriers to a formal environmental scanning process
   7.3.5. Overcoming barriers: Necessary conditions for a formal scanning process
7.4. IMPLICATIONS FOR PRACTICE
7.5. TOWARDS A MODEL FOR CONTINUOUS ENVIRONMENTAL SCANNING BY HOTEL CHAINS
7.6. LIMITATIONS OF THE STUDY AND DIRECTIONS FOR FURTHER RESEARCH
   7.6.1. Limitations of the study
   7.6.2. Directions for further research
7.7. CONCLUSIONS
7.1. INTRODUCTION

This chapter discusses the implications of the findings presented in Chapters 4, 5 and 6 and compares them with previous research reported in the review of the literature and the research questions presented at the end of Chapter 2. It also addresses the fourth research aim, *To identify and assess the necessary conditions for the development and implementation of a formal environmental scanning process in formal and informal planning hotel chains*, and provides the necessary conditions for the development and implementation of a formal scanning process. The potential contribution of the study to the areas of strategic planning and environmental scanning is also discussed and related to the multi-unit hotel sector (implications for practice). The limitations affecting the study are presented and argued and implications for future research projects are provided.

7.2. THE STUDY

This study addresses the strategic planning and environmental scanning activities of the hotel chains operating in Portugal, and compares attitudes towards planning and scanning by companies where strategy is formalised through a formal written strategic plan (intenders) and those companies where strategy is informally developed through a ‘vision’ or ‘informal plan’ (realisers). The study is exploratory and descriptive and follows a qualitative and inductive approach. This methodological approach was used to elicit and represent the existing practices as well as managers’ perceptions towards strategic planning and environmental scanning. Four research aims are defined:

1. To explore and analyse the strategic planning and environmental scanning activities of hotel chains operating in Portugal.
2. To analyse and critically evaluate the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic plan) and by those where strategy is realised (no existence of a formal written strategic plan).
3. To explore and assess the relevance and structure of a formal environmental scanning process to be adopted by hotel chains as well as the barriers to this process and possible actions to overcome them.

4. To identify and assess the necessary conditions for the development and implementation of a formal environmental scanning process in formal and informal planning hotel chains.

To explore and describe the strategic planning and environmental scanning activities of hotel chains operating in Portugal, postal questionnaires and in-depth interviews were used with the data analysed using descriptive statistics. The findings revealed a lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods and sources used by these two types of organisations. To better understand the findings a further revision of the literature was conducted. This allowed the identification of Mintzberg’s (1992) typology of ‘intenders’ and ‘realizers’ as well as the limitations of West’s thesis (1988, p. 20-21). West regards as a limitation of his study the fact that he only addressed the scanning activities of companies where strategy is intended. These additional contributions were used to refine the literature review and to guide the subsequent stages of the research.

To further explore these initial findings a grounded theory methodology was used with the intention of identifying the core themes emerging and develop theory on the planning and scanning activities of hotel chains. The use of this methodology also allowed the explanation of the relationship between strategic planning and environmental scanning by hotel chains where strategy is intended (existence of a formal written strategic plan) and by those where strategy is realised (no existence of a formal written strategic plan), so addressing the second aim of the research.

To saturate the categories emerging from the grounded theory analysis more data were collected which provided the relevant evidence needed to achieve the third aim of the study, the relevance and structure of a formal environmental scanning process to be adopted by hotel chains, the barriers to such a process and possible actions to
overcome them. To further explore these data and so analyse the perceptions of respondents towards the development of a formal environmental scanning process, a cognitive mapping methodology was followed with the production of cognitive maps by comparison groups. These allowed the production of a series of output propositions to be used in future research and practice related to the development and adoption of a formal scanning process.

The study finds that the existing differences amongst intenders and realisers rely essentially on aspects of content rather than on aspects of process, and that keeping a high degree of flexibility in the decision making process is considered of premium importance. The preponderance of similarities as opposed to differences lead to the development of a series of output propositions common to all four comparison groups. These propositions, together with other recommendations suggested in the literature, are used to identify the necessary conditions for the development and implementation of a formal environmental scanning process by formal and informal planning hotel chains, so addressing the fourth and last aim of this research.

For a more detailed understanding of the theoretical and practical implications of the findings, these are discussed at length in the following two sections.

7.3. THEORETICAL CONTRIBUTIONS

This study provides five main theoretical contributions to the fields of strategic planning and environmental scanning. The first, consists of a characterisation of the approaches to strategic planning and environmental scanning by intenders’ and realisers’ hotel chains. The second, enhances the understanding of the potential relationships between strategic planning and environmental scanning activities. The third, the relevance and structure of a formal environmental scanning process to be developed and implemented by hotel chains. The fourth, barriers to a formal environmental scanning process. The fifth theoretical contribution has also implications for practice and consists of the actions to overcome barriers and the necessary conditions for the development of a formal environmental scanning
process by both intenders and realisers. These contributions, which also address the research aims and provide the answers to the research questions, are now discussed in detail.

7.3.1. Intended and realised approaches to strategic planning and environmental scanning

Strategies can be seen as ‘intended’ or ‘realized’ as proposed by Mintzberg (1992). In differentiating between intended and realised strategies, Mintzberg argues, it is possible to distinguish ‘deliberate’ strategies where previous intentions are realised, from ‘emergent’ strategies where patterns are developed in the absence of or despite intentions. As a consequence of these typologies, the approach taken by organisations which adopt or follow one type or the other, will affect the way strategic planning and environmental scanning are practised. In respect of strategic planning and environmental scanning activities, even though formal and informal planning hotel chains have differing approaches, they still share more similarities than present differences (see Figure 7.1 for a summary of these activities). As identified in Chapter 4 (section 4.4), besides some basic differences in the formalisation of strategy, there are many similarities, mostly in respect of environmental scanning activities. Whilst intenders report the existence of a formal strategic plan which is produced by the administration, realisers do not have a strategic plan but instead a non-written plan, ‘vision’, and/or an annual written budget. The type of strategic plan produced by the majority of intenders is in fact a budget where financial and economic aspects predominate. In respect of realisers, the main reason given for not having a formal strategic plan is the small size of the organisation which makes it unnecessary. The fact that a formal strategic plan would reduce the managerial flexibility of the organisation is also an impediment to its implementation. Apparently, the latter should be regarded as the main reason as the majority of intenders own and or manage the same number of units as realisers (Chapter 3, section 3.8).

1 Hotel chains where strategy is intended whether or not realised and those where strategy is emergent which normally is realised.
Figure 7.1. Strategic planning and environmental scanning by intenders and realisers

<table>
<thead>
<tr>
<th>INTENDERS</th>
<th>REALISERS</th>
</tr>
</thead>
</table>

### Environmental scanning activities

**INTENDERS**
- Short-term factors: competitor pricing, strategies, and current market needs
- Long-term factors: future change in economic needs and natural resource performance
- Formal scan: market analysis, sales data, strategic planning

**REALISERS**
- Short-term factors: competitor pricing, strategies, and current market needs
- Long-term factors: future change in economic needs and natural resource performance
- Formal scan: market analysis, sales data, strategic planning

### Strategic planning activities

**INTENDERS**
- Formal written strategic plan
- Budget as the guiding principle
- External environment
- Factors affecting daily operations
- Formal scanning methods: market research
- Informal scanning methods: analysis of potential information and market research
- Cost-benefit analysis
- Feasibility study

**REALISERS**
- Non-written plan/visions
- Budget as the guiding principle
- External environment
- Factors affecting daily operations
- Formal scanning methods: market research
- Informal scanning methods: analysis of potential information and market research
- Cost-benefit analysis
- Feasibility study

### Information dissemination

**INTENDERS**
- Hotel change goals and objectives defined by administrator
- Type of internal sources: newspapers, journals
- Formal monitoring by staff
- Informal monitoring by staff
- Company performance assessed based on results and comparisons with last year's and budget

**REALISERS**
- Hotel change goals and objectives defined by administrator
- Type of internal sources: newspapers, journals
- Formal monitoring by staff
- Informal monitoring by staff
- Company performance assessed based on results and comparisons with last year's and budget

252
The findings highlight intenders’ more proactive attitude to the internal and external environments as well as some differences in their approach to strategy and decision making. In other aspects, however, the existence of a formal strategic plan does not produce noticeable differences from hotel chains where strategy is realised. In fact, a number of actions are similarly undertaken by both groups. The main differences and similarities between intenders and realisers in respect of their approach to strategy and decision making can be seen as those presented in Table 7.1.

Table 7.1. Differences and similarities between intenders and realisers

<table>
<thead>
<tr>
<th>Where intenders differ from realisers</th>
<th>Where intenders compare to realisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• better identification of businesses to enter</td>
<td>• strategy produced by the administration, not based on a process of negotiation</td>
</tr>
<tr>
<td>• better understanding of major competitors</td>
<td>• dynamic revision of strategic plan</td>
</tr>
<tr>
<td>• better anticipation of important competitors’ moves</td>
<td>• careful resource allocation priorities</td>
</tr>
<tr>
<td>• better recognition of strengths and weaknesses</td>
<td>• accurate segmentation of the business where the hotel chain is operating</td>
</tr>
<tr>
<td>• more effort in developing a sustainable advantage over competitors</td>
<td>• frequent, opportunistic and market oriented decision making process</td>
</tr>
<tr>
<td>• wider communication of strategy</td>
<td>• definition of objectives essentially based on short-term operational targets</td>
</tr>
<tr>
<td>• more structured approach to strategy making</td>
<td>• basically reactive, non-planned actions to achieve objectives</td>
</tr>
<tr>
<td>• tendency towards a more formalised decision making process</td>
<td>• company performance assessed through the analysis of results and comparison with previous results</td>
</tr>
</tbody>
</table>

In further comparing intenders and realisers’ approaches to strategy, it emerges from the analysis that all hotel chains characterised as realisers reveal a clear ‘intention’ regarding the strategies for their organisation (Chapter 4, section 4.2.4). This attitude towards strategy development can be seen as a confirmation of Mintzberg’s (1994) argument that strategies cannot be purely deliberate and few can be purely emergent.

These similarities and differences between intenders and realisers in respect of strategic planning are not so clear when it comes to environmental scanning activities. As reflected in the literature, intended and realised approaches to strategy are likely to have different implications for the importance and success of a formal environmental scanning process. In fact, Fahey and King (1977) argue that the degree
of importance of environmental scanning in a company can be inferred by the way scanning activities are integrated into the overall planning process. Jain (1984) goes further and supports the view that the effectiveness of strategic planning is directly related to the capacity for environmental scanning, whilst the success of the latter depends on its link to the formal planning process. The environmental scanning activities undertaken by intenders, however, have a high degree of informality, and none of the hotel chains in both groups reported a scanning unit or scanning activities on a full-time basis. Scanning activities by intenders and realisers have many characteristics in common like the low level of formal scanning, and the scanning methods reported. These are again very similar between the two groups and reflect a conditioned viewing and informal scanning approach following Aguilar's (1967) characterisation of the modes of scanning. Despite reporting a wide range of processes of information analysis, both groups heavily rely on an individual analysis of information. Dissemination is restricted, in both groups, to the staff seen as directly involved or being affected by the information. In respect of the sources used, the situation is again very similar with an inclination for the use of informal sources. Whilst these are used mainly for decision making on strategic issues, formal sources are used for decisions on operational issues. Finally, the amount of informal scanning by intenders and formal scanning by realisers suggests that: a) a formal strategic plan is not a sufficient condition for continuous environmental scanning to be undertaken; and, b) that the non-existence of a formal planning process does not rule out the formal scanning of the business environment.

7.3.2. Strategic planning and environmental scanning relationship

Research has demonstrated that there is a strong link between environmental scanning and strategic planning (Daft et al. 1988; Jain 1984; Fahey and King 1977; Kefalas and Schoderbeck 1973). According to Jain (1993), this link can be established by taking certain steps like:

- keeping a tab on broad trends appearing in the environment;
- determining the relevance of environmental trends;
• studying the impact of environmental trends on products/markets;
• forecasting the direction of an environmental trend into the future;
• analysing the product/market business in the face of the environmental trend;
• studying the new opportunity potentially provided by an environmental trend;
• relating the outcome of an environmental trend to corporate strategy.

If we look at the relationship between strategic planning and environmental scanning as represented in Chapter 5 (section 5.5) and summarised in Figure 7.2, none of the steps described above are being undertaken by any of the comparison groups. Instead of the proactive link recommended by Jain, what is reflected in the findings is a limited amount of scanning essentially about the operational environment (see area of information concern in Figure 7.2). The information sought seems to be mostly used for decision making which is driven by a reactive approach (comparison of previous results with the objectives, and production of corrective or remedial actions). However, as reflected in the findings and represented in Figure 7.2, the environmental scanning and strategic planning activities appear to be conducted concurrently with the making of decisions and gathering of information happening on real time. Even though the different activities are represented separately to allow a better representation and understanding, these must be seen as part of the manager's 'job', where scanning and planning are interdependent and conducted as functions of the management process. As stated by a respondent: "it is not possible to dissociate any relevant information obtained or contact made outside the company from the management position occupied". (Chapter 4, p. 166). Even though most managers realise the importance of formal environmental scanning and accept the need to relate environmental information to long term planning (Chapter 6, section 6.2.1), the day-to-day management of the company takes precedence over any other activity. This can be further explained by the fact that the formalisation of strategy, when this is done, occurs through the production of the budget or marketing plan. Due to the short term range of these planning tools, the required information will also be affected by

2 It seemed appropriate to represent the relationship between strategic planning and environmental scanning, as depicted in Figure 7.2, based on the comparison groups of intenders and realisers as the links within each subgroup (formal and informal intenders and realisers) are essentially the same as in the main groups.
Figure 7.2. Strategic planning and environmental scanning relationship amongst intenders and realisers
the time span covered. Similar situations were reported by Fahey and King (1977), with managers perceiving themselves as primarily involved in relating environmental phenomena to short term choices. This seems to be true for both intenders and realisers as their planning and scanning activities are very similar (see Tables 7.1 and 7.2). In fact, the differences can be seen as residing in the areas of information concern, information gathering and the dissemination of information. Despite some differences, the processes and relationships amongst activities reflect a very similar managerial attitude. In summary, the existing relationship develops around the budgeting/marketing planning exercise and related activities and the informal collection of short term information mainly by the respondent. This is then used for their frequent, opportunistic and market oriented managerial activities.

7.3.3. Relevance and structure of a formal environmental scanning process

Relevance of a formal environmental scanning process
A systematic approach to environmental scanning is needed when companies grow in size and complexity (Jain 1984). At this stage, the effectiveness of strategic planning, as seen by Jain, is directly related to the capacity for environmental scanning. This can also be regarded as relevant for organisational development and design, development of agenda for executive boards and management education (Terry 1977). As reflected in Chapter 6 (section 6.2.1, p. 214), the majority of respondents also find environmental scanning relevant not just to provide quality and insightful information, but to help solving some structural problems (see Figure 7.3 for a summary of respondents’ views on the relevance, structure and outcomes of a formal environmental scanning process). Some of these problems can be seen as:

- dispersed information of which existence managers are not aware of;
- excess of information with relatively minor importance;
- dissemination and sharing of information;
- improve communication among staff.

Some respondents, however, do not see any relevance in the adoption of a formal scanning process, or do not see its development and implementation as possible in the context of their organisations. A lack of confidence on other members of staff to
take further the development of a scanning process, the company's philosophy of hierarchies not disseminating the information, and the lack of time by managers to analyse and process too much information, can be seen as the main reasons for the non-relevance of a formal environmental scanning process.

Even in the cases where a formal scanning process is seen as relevant, some aspects need to be taken into account for the successful development of this process. In fact, the production of too much and complex information instead of simplifying the managers' job, will contribute more to the non-use of the information available. The information also needs to be relevant/useful and the benefits of developing a formal scanning process have to be superior to the cost and effort spent. It is likely, however, that if hotel chains rely mostly on budgets and marketing plans for their management exercise, the need will be for short term operational information, as opposed to information on long term trends on the general environment. In this case, other types of analysis like industry analysis (competitor and customer analyses) will be regarded as much more relevant for their decision making process.

Structure of a formal environmental scanning process

In respect of the structure of a formal environmental scanning process, Murphy (1989) considers that it has to be: a) integrative - part of the planning and decision making system of the organisation; b) relevant to strategic planning - focus on strategic issues and assistance in strategic decision making; and c) holistic - so as not to miss any signals. Other characteristics are put forward by Terry (1977), basically to do with the outcomes of the scanning process, while Aaker (1983) contends that a simple and low cost scanning system can be developed by using the information available to the organisation. From the findings, and as reflected in Figure 7.3, other relevant aspects for the development of a formal environmental scanning process can be identified:

- better quality information available in a structured format
- more formalised directions from top hierarchies
- more human resources available to perform the scanning function
- selection of relevant information and sources to avoid information overload
- information function regarded as a priority by the organisation
- information stored in a single source to allow easier dissemination and use

258
Figure 7.3. Relevance, requisites, structure and outcomes of a formal environmental scanning process

Formal environmental scanning process

Relevance
- Allows compilation of information from different sources
- Helps centralising the collection and analysis of information
- Brings order to the information process and helps the identification of market trends

Requisites and structure
- Information function as a priority
- More formalised directions from top hierarchies
- Dedicate more attention to the information function

Selection of particular information needs
- More people to perform the scanning function
- Information stored by each person receiving it and used by everybody

Outcomes
- Information to make quicker decisions on the market
- Greater efficiency
- Provision of information to the units, board of directors and administration

Intenders
- Helps defining the information and communication circuits
- Helps providing simple and objective information
- Important to improve the decision-making process

Realisers
- Better circulation of information between directors and sharing with employees
- More staff and time to collect information needed
- Make staff aware of information available

Information concentrated on a single source
- Computerised
- Information input by each department director and available to everybody

Improvements
- Improve information to disseminate in meetings
- Production of weekly newsletter to distribute to the units
- Improve process of collecting and processing information
Three main issues emerge from the above listed characteristics: the quality of the existing information seen as not very reliable, the need for a change in decision makers approach to the importance of the information function, and the need for a structured format for the scanning process so that full advantage can be taken.

Some concern for a formalised scanning process is also revealed. As reflected in respondents’ answers provided in Chapter 6 (section 6.2.2, p.223), to avoid creating a ‘white elephant’, the ideal structure of a formal environmental scanning process has to avoid the production of masses of not very relevant information. In fact, respondents’ fear that if staff are asked for too much information they will provide ‘quantity information as opposed to quality information’.

7.3.4. Barriers to a formal environmental scanning process

Several barriers to formal environmental scanning have been identified in the literature. The great concern for the short term revealed by managers result in the scanning effort to be mostly directed towards the operational environment (Olsen et al. 1994). A lack of commitment to the scanning process is also reported by Olsen et al. (1992), who found other barriers affecting formal scanning. Respondents to their study regarded formal environmental scanning as:

- time taken away from more tangible pursuits
- not an active problem solving activity
- producing information which is difficult to evaluate quantitatively
- requiring a high level of human and financial resources to produce a comprehensive output

Some of these barriers are also identified in the present study whilst some other barriers have been reported by respondents. Even though the lack of reliable and objective external information to use is an important barrier other internal barriers seem to pose major challenges to hotel chains:
• Formal Intenders ⇒ excess of workload which limits staff's attention to the information function
• Informal Intenders ⇒ hard to justify the money spent in such a process
• Formal Realisers ⇒ staff behaviour and attitudes towards change
• Informal Realisers ⇒ mental barriers from people at decision level

Even though these internal barriers are regarded by respondents as the most central (domain analysis - Chapter 6, section 6.2.3, p. 233), others were reported which allow a more clear understanding of what needs to be addressed in the development of a formal environmental scanning process. It is apparent that the lack of commitment from decision makers is a critical impediment to the success of this process. On the other hand, the fact that the information function is not regarded as a core priority and is not formally addressed by the hierarchies also reflects major limitations deriving from those who could make this process successful. However, barriers related to the organisation of the process, like the lack of precise definition of information needs, sources, type of analysis and skilled staff to undertake the process, were also reported.

7.3.5. Overcoming barriers: Necessary conditions for a formal scanning process

Identifying the barriers without looking for the actions to overcome them would be leaving the existing gap in the literature once again not addressed. In trying to further explore the barriers to a formal environmental scanning process the actions seen by respondents as needed to overcome them were also identified. The main actions proposed are those presented in Table 7.2, and can be seen as falling into four main areas: technical, personal, corporate, and Portuguese context. Most of the actions, however, are corporate context related, which also mean that most of the barriers originate in the same context. In fact, environmental scanning can be a powerful tool for strategic planning if it has specific aims and objectives, but above all, the commitment of the key players within the organisation (Engledow and Lenz 1989). As is apparent from the respondents' comments, if corporate attitudes change, most of the other barriers to a formal environmental scanning process will cease to exist as the decision makers' commitment to the process will remove any obstacles.
Table 7.2. *Actions proposed to overcome barriers by context of influence*

<table>
<thead>
<tr>
<th>Actions</th>
<th>Technical</th>
<th>Personal</th>
<th>Corporate</th>
<th>Portuguese</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Formal Intenders</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• more time to undertake environmental scanning or less work load</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• uniform process of information collection and usage</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• train staff to use information</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• train staff to develop a scanning system or bring in outside skills</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Informal Intenders</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• get the financial support needed</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• choose objective information</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• change attitude towards importance of information</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• formalise decision making process</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• clarify and make information objective</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td><em>Formal Realisers</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• introduce computerised information system</td>
<td>√</td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>• more skilled staff to analyse information</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>• change attitude towards using and sharing information</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• waiting and helping people to adapt</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Informal Realisers</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• better definition of goals and objectives</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• proactive attitude towards the market</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• better definition of information needs</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• support from the government in getting good quality information</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• summarised information</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• cut down on the amount of data required</td>
<td></td>
<td>√</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>• planning and organising the scanning process</td>
<td>√</td>
<td></td>
<td></td>
<td>√</td>
</tr>
</tbody>
</table>

In identifying the necessary conditions for the development of a formal environmental scanning process, these different areas of influence have to be taken into account. In recapping on the necessary conditions for an event to occur, we can say, based on Hughes (1992, p. 62), that a necessary condition for a formal scanning process is something whose absence prevents it, but whose presence does not guarantee it. Sometimes, as Hughes contends, we need several different necessary
conditions for something to happen. Whenever we can list all the necessary conditions for something we will have listed the conditions that are jointly sufficient conditions. In the case of this research what was attempted was to enumerate all the possible barriers to a formal scanning process and then identify those actions needed to overcome them. In doing this, it is possible to infer the necessary conditions for developing and implementing a formal scanning process.

In considering the conditions proposed in the literature as well as those inferred from the findings, it is possible to identify the following necessary conditions for the development and implementation of a formal environmental scanning process:

- information function defined as a priority by decision makers
- decision makers' commitment in supporting the process and creating awareness towards the importance of information
- co-operation between hotel chains in putting pressure on organisations responsible for the production of information (better quality and on time information)
- develop staff’s skills to use information and participate in the scanning process
- existence of a pre-established plan, procedure or methodology for scanning
- existence of a high level of interaction between scanners and decision makers
- clear definition of information needs and sources
- selection of scanners and clear assignment of scanning tasks
- clear specification of means and directives for processing, disseminating and storing information

A key consideration for a successful formal scanning process, as seen by Jain (1993), is that the level of scanning that the organisation undertakes has to be custom designed. If this is observed and the more general guidance provided by the necessary conditions followed, there is a high probability that the resulting environmental scanning process is successful and provides valuable information for decision making and strategy development.
7.4. IMPLICATIONS FOR PRACTICE

For both hotel chains where strategy is formalised in a written strategic plan and for those where it exists as a ‘vision’ or as a ‘non-written strategic plan’, a number of issues emerging from this research and related to their strategy, decision making and environmental scanning procedures are relevant.

In respect of strategy and decision making, by becoming aware of the limited scope of their planning (budget and/or annual marketing plans), hotel chains are likely to realise their potential limitations in the identification and exploration of business opportunities. If we take into account the main functions of environmental scanning as identified by the majority of the authors in the field (Chapter 2, p. 37-38), it is likely that a higher level of formalisation in the environmental scanning process will improve the identification and allow the exploration of opportunities posed to the hotel chains. This would also help realisers overcoming some of the limitations of their strategic planning approach: limited identification of the businesses to enter, limited understanding of major competitors and failure in anticipating their moves (Chapter 4, section 4.2.5, p.138). The identification of the decision making process, of both intenders and realisers, as frequent, opportunistic and market oriented (Chapter 4, section 4.2.7, p. 143), should also be used as a basis for the development of a more structured and long term attitude towards decision making in general. This would contribute to balance the existing short-term perspective and allow a more dynamic definition of objectives.

In respect of environmental scanning procedures, the use of methodologies such as grounded theory and cognitive mapping allowed a deeper understanding of the limitations in the scanning of the environment and how these can be overcome. Besides those limitations highlighted by Olsen et al. (1992) and Aaker (1983), hotel chains need to consider that the formalisation of their strategic planning process is not per se a sufficient condition for the successful development and implementation of a formal environmental scanning process. Rather than the link to the strategic planning process, hotel chains need to revise their organisational culture as this
seems to be the main barrier to a formal and continuous scanning process (Chapter 6, section 6.2.3, p. 233).

In fact, the resolution of operational limitations like time, lack of skilled personnel and finance, are not sufficient for a formal scanning process to be adopted. Hotel chains will have to look for other internal barriers, but essentially, a change of perspective by decision makers towards the importance of the information function have to be considered. This has to be followed by a change in managers' attitudes towards the use, dissemination and sharing of information as this is likely to produce better informed and quicker decisions, so contributing to a higher level of information synergies within the hotel chain.

Finally, the successful adoption of a formal environmental scanning process can be seen as directly related to the quality, objectivity and format of the information produced as well as to a wider and more generalised dissemination and sharing of information (Chapter 6, section 6.2.2, p. 223). From the findings it became clear that the quality and format of the information produced by the scanning process are highly relevant. From another perspective however, making the information available to a wider layer of users will also bring advantages to the hotel chain and make the adoption of a formal scanning process easier to justify in terms of the costs involved.

7.5. TOWARDS A MODEL FOR CONTINUOUS ENVIRONMENTAL SCANNING BY HOTEL CHAINS

Based on previous models on environmental scanning (Chapter 2, section 2.5), and the findings presented in Chapters 4, 5 and 6, it is possible to propose a new theoretical model which attempts to conceptualise a formal process of continuous environmental scanning. A model can be seen as a theory or set of hypothesis which attempts to explain the connections and interrelationships between social phenomena (Gilbert 1993). Following Gilbert’s perspective, the continuous environmental scanning process model proposed can be used to make predictions about how the ‘real world’ (hotel chains), will accept the need for an ongoing process of scanning.
The relationships specified in the model will also serve as an explanation of how the model will work in practice.

The model takes into account previous research and also builds on the findings of this study. Its application can be seen as specific to the hotel chains in the sample. However, due to the nature of the sample and the fact that it builds on existing research, its application may be appropriate and useful in other contexts.

The model presented in Figure 7.4 is divided into five different phases, from the information function as a process (phase 1), to the planning of the scanning process (phase 2), analysis and processing of information (phase 3), storage, dissemination and sharing of information (phase 4), and finally, the information linkage to strategy development and decision making (phase 5). A more detailed analysis of this continuous environmental scanning process for hotel chains provides a further understanding of the sequences and relationships between the different phases.

**Phase 1. Information function as a process**

One of the main barriers to a formal environmental scanning process is the fact that the information function is regarded as a second level priority and that other functions have to be performed first. Another barrier is the existing managerial mindset of collecting information by department (function), which is then essentially used by each department so limiting the dissemination and sharing of information. By transforming the environmental scanning into a process which collects information for the whole organisation, synergies can be achieved and the information will be seen as an organisational asset to be used by everybody who needs it. For this to be possible, a change in decision makers’ attitudes towards the importance of information must occur. This change is expected to produce the needed financial resources, trained staff, and a different attitude towards the use of information. The main outcome, however, will be the valorisation of the information by managers and staff alike, and its use as a valuable asset in achieving hotel chain’s objectives.
Figure 7.4. *A continuous environmental scanning process for hotel chains*

**Phases**

**Phase 1**
Information function as a process

**Phase 2**
Planning the scanning process

**Phase 3**
Analysis and processing of information

**Phase 4**
Storage, dissemination and sharing of information

**Phase 5**
Information linkage to strategy development and decision making

**Actions**

**Phase 1**
Change decision makers' attitude towards importance of information

**Phase 2**
Definition of information needs, sources, scanners and scanning procedure

**Phase 3**
Analysis and production of information in a ready to use and store format

**Phase 4**
Definition of storage and retrieval computerised information system

**Phase 5**
Co-operation between scanners and decision makers

**Outcomes**

**Phase 1**
Information regarded as valuable asset to achieve objectives, not just a function

**Phase 2**
Inside-out scanning, producing reliable information, in an appropriate format, at low cost

**Phase 3**
Interpreted and summarised information ready to use by staff

**Phase 4**
Information available on a single source, in a standardised format, accessible at any time

**Phase 5**
Better inputs to strategy and decision making processes, and re-definition of information needs
Phase 2. Planning the scanning process

As a consequence of the lack of organisation in the collection of information, too much information, sometimes replicated, is available. However, what hotel chain managers need is not “reports produced in duplicate”, or “dispersed information”, but instead, “summarised information” which “cuts down on the amount of data required”. Planning the scanning process allows the definition of information needs (inside-out approach proposed by Fahey and Narayanan 1986), so focusing what the organisation is looking for. The ideal situation would be an outside-in approach, but as reported in previous research, this is expensive and very time consuming (Olsen et al. 1992, West and Olsen 1989, Aaker 1983), making it very difficult to be adopted and implemented. Once the information needs have been defined, the relevant sources are identified and selected. The next step is the identification of those members of staff who will be involved in the scanning process. As suggested by Aaker (1983), these can be selected from those involved in the planning process as well as others who are exposed to useful information sources.

Before initiating the scanning, it is important that a pre-established plan, procedure or methodology is defined so that the best results can be achieved (Aguilar 1967). The outcome of this phase is a focused view of the business environment through an inside-out scanning approach, based on reliable sources producing quality information, in a pre-defined format, at a low cost. This is possible because the scanning efforts are directed and the scanning procedures are undertaken by staff who are already scanning but in an undirected and non-integrated way.

Phase 3. Analysis and processing of information

The analysis of information should allow the identification and relevance of environmental trends as not everything occurring in the environment is likely to have the same importance for the organisation (Jain 1993). The analysis and processing of information is also seen by respondents as important to “help with the identification of market trends” and as allowing “greater efficiency.” The analysis of information
and its availability in a ready to use format is regarded as relevant for hotel chains because it can be “provided to the units, board of directors and administration” to “make quicker decisions on the market.” This phase of the continuous environmental scanning process will also allow the production of “simple and objective information”, which is at the same time “well balanced but also not exaggerated.” The outcome will be “better and structured information”, which is already interpreted and summarised so it can provide staff with “better knowledge of market trends.”

Phase 4. Storage, dissemination and sharing of information

Storage and dissemination of information is crucial for the success of the process (Aaker 1983). The storage process, as proposed by Aaker, can be a simple set of files or a sophisticated computer based information retrieval system. According to hotel chain managers, the ideal process is a “computerised” process where the information is “concentrated on a single source”, which allows “quick access to information.” The vital characteristic about the storage element is that staff will know where to send the information they have collected (Aaker 1983). From the respondents’ viewpoint, the ideal situation would be the “information inputted by each department director and available to everybody.” These are in accordance with Aaker’s perspective who proposes that participants should be those executives and staff directly involved in the planning process. The outcome of this phase will be information available on a single source, in a standardised format, which is accessible at any time and “is easy to share.” This will also allow what is seen by respondents as a desired outcome of a formal scanning process: “better circulation of information between directors and sharing with employees.”

Phase 5. Information linkage to strategy development and decision making

The information on environmental trends and their likely impacts will then be used to review strategy, which, according to Jain (1993), can be done on two counts: changes that may be introduced in products/markets, and the exploration of feasible opportunities that the company may embrace for action. This link of environmental
scanning to strategy development and decision making is only possible through the co-operation between scanners and planners/decision makers. The 'malfunctions' of a formal scanning process are normally due to a lack of interaction and clear communication between environmental scanners and strategy makers (Segev 1977). Segev recommends that a closer relationship between the two groups should be developed, so that the translation of environmental scanning into specific strategy changes can be performed co-operatively by analysts and strategy makers. The outcome of this phase will be the production of better inputs to strategy and decision making processes as well as a re-definition of the hotel chain information needs which will occur through new requests for environmental data. In following this model, it will be possible for environmental scanning to play a direct rather than indirect role in strategy making.

Once decision makers in hotel chains change their attitude towards the importance of information and move from an information function to an information process, the development and implementation of a formal environmental scanning process will stand a much higher chance of success. This can be further achieved by focusing on target information needs using an inside-out approach, involving those members of staff in charge or linked to the planning process (either formal or informal) or exposed to relevant information. The selection of the most reliable and relevant sources of information and the definition of the scanning procedures should be carefully undertaken to maximise the success of the process. The following stages should consider the careful analysis and identification of business environmental trends, and the storage of the resulting information in a computerised information system making it readily available in a standardised format. This will also allow a higher level of dissemination and sharing of information by having it concentrated on a single source to which staff can have access at any time. Finally, through the development of a close relationship between scanners and planners/decision makers, a better link of the scanning process to strategy development and a re-definition of the information needs can be achieved.
In conclusion, and as a summary recap, the main stages in the development of a formal environmental scanning process, based on the findings by comparison group and the review of the literature, can be seen as those presented in Figure 7.5. This depicts the main barriers to a formal scanning process, the proposed actions to overcome them and the necessary conditions for the development of such a formal process. These necessary conditions can also be regarded as the sequential steps to be taken if a company is to develop and implement a formal and continuous environmental scanning process.

7.6. LIMITATIONS OF THE STUDY AND DIRECTIONS FOR FURTHER RESEARCH

This research aims to characterise the hotel chains operating in Portugal in respect of their strategic planning and environmental scanning activities, the relationship between these concepts in hotel chains where strategy is intended and those where it is realised, as well as the barriers to a formal scanning process and the actions to overcome them. The research strategy used to achieve these aims was that of surveys with an explanatory and descriptive focus. Quantitative and qualitative data were collected and used following an inductive approach. The descriptive and cross-tabulations analyses for the quantitative data, and the grounded theory and cognitive analyses for the qualitative data, allowed the production of relevant findings for the understanding of strategic planning and environmental scanning activities by hotel chains. However, some limitations came to light while using these methodological techniques. These, as well as other limitations which occurred along the research process are now presented and discussed. Suggestions for further research are finally provided, so that the limitations identified can be taken into account and also other aspects raised during the analysis can be subject of further investigation.

7.6.1. Limitations of the study

In the evaluation of the research presented in Chapter 3 (section 3.6, p. 121 - Questions of validity and reliability), the actions taken to ensure that the research was
Figure 7.5. Summary of the main stages in the development of a formal environmental scanning process by comparison group

<table>
<thead>
<tr>
<th>Comparison groups</th>
<th>Main barriers</th>
<th>Proposed actions to overcome barriers</th>
<th>Necessary conditions based on theory and findings</th>
</tr>
</thead>
</table>
| Formal Intenders  | ⚫ excess of workload which limits staff's attention to the information function | ⚫ more time to undertake environmental scanning or less work load  
⚫ uniform process of information collection and usage  
⚫ train staff to use information  
⚫ train staff to develop a scanning system or bring in outside skills | ⚫ information function defined as a priority by decision makers |
| Informal Intenders| ⚫ hard to justify the money spent in such a process | ⚫ get the financial support needed  
⚫ choose objective information  
⚫ change attitude towards importance of information  
⚫ formalise decision making process  
⚫ clarify and make information objective | ⚫ decision makers' commitment in supporting the process and creating awareness towards the importance of information  
⚫ co-operation between hotel chains in putting pressure on organisations responsible for the production of information (better quality and on time information) |
| Formal Realisers | ⚫ staff behaviour and attitudes towards change | ⚫ introduce computerised information system  
⚫ more skilled staff to analyse information  
⚫ change attitude towards using and sharing information  
⚫ waiting and helping people to adapt | ⚫ develop staff's skills to use information and participate in the scanning process  
⚫ existence of a pre-established plan, procedure or methodology for scanning |
| Informal Realisers| ⚫ mental barriers from people at decision level | ⚫ better definition of goals and objectives  
⚫ proactive attitude towards the market  
⚫ better definition of information needs  
⚫ support from the government in getting good quality information  
⚫ summarised information  
⚫ cut down on the amount of data required  
⚫ planning and organising the scanning process | ⚫ clear definition of information needs and sources  
⚫ selection of scanners and clear assignment of scanning tasks  
⚫ clear specification of means and directives for processing, disseminating and storing information |
credible, transferable and reliable were provided. However, and despite the effort put into planning the research, some limitations occurred which need to be addressed.

Although this research managed to study almost fifty percent of the chains operating in the Portuguese hotel sector, the findings would gain in generalisability if more chains had been involved. Time and financial constraints, and also the lack of access to the information from the hotel units, limited the depth of the study.

The type of respondents used in the research also affected the amount of data collection. As they were at senior level, with very busy schedules, the duration of the interviews sometimes were affected by their activities. On the other hand, instead of using unstructured questionnaires to try to account for as much of the respondents views as possible, semi-structure questionnaires were used in an attempt to provide the guidelines for the interview so minimising possible diversion.

As stated in stage IV of data collection (Chapter 3, p. 108-9), relying on the respondents from head office (corporate level) to pass on the questionnaires used to research hotel managers’ attitudes (business unit level) to strategic planning and environmental scanning, did not provide the expected results. It was expected that by using the head office as the liaison the answer rate would improve. In practice this did not work as only two out of fifty two questionnaires were received. It is possible that the questionnaires were never sent to the units as six months after they have been sent to the head office a manager called to inquire if it was relevant to send the questionnaires out at that time as he still had them on his table due to a very busy schedule in the previous months. If units had been directly contacted, hotel managers would have had the opportunity to answer the questionnaire if willing to do so.

The study would also be improved in terms of credibility if more than one respondent at corporate level had been interviewed. This would allow the triangulation of the data collected from each hotel chain and reduce the introduction of respondent’s bias. By interviewing the same respondent from each hotel chain along the research it was
not possible to identify possible biased answers. On the other hand, it allowed some continuity in the study as well as access to the organisation.

The results of this research would also be greatly improved if it had been possible to carry further research to identify the sufficient conditions for formal environmental scanning to occur, as this would allow the development of more precise recommendations, perhaps more likely to be adopted and applied.

In respect of the use of grounded theory and cognitive mapping methodologies, these also posed some limitations to the study. The use of grounded theory to discover theory from data and providing the relevant predictions, explanations, interpretations and applications is a very useful methodology to use in exploratory research. However, even though it proposes a sequential process (open, axial and selective coding), to develop the concepts and categories needed to generate theory it fails to provide users with the how and why the categories should be selected. The lack of a clear process to select the categories and concepts leads to a situation where the judgement and intuition of the researcher is highly used with the consequent potential introduction of bias in the analysis and production of theory. A higher level of analysis, synthesis and interpretation is required from the part of the researcher, which makes a grounded theory approach more suitable for experienced researchers than for those initiating their research careers.

The use of causal mapping to explore respondents' perspectives on the relevance and development of a formal scanning process, can also be seen as having some limitations. Causal maps only allow the study of one aspect of the cognitive relationships that can be elicited through cognitive maps. Aspects such as attention, association and importance of concepts as well as other types of analyses provided by different families of maps (Huff 1994), would provide further understanding of the respondents' subjective views. Another limitation in the causal maps, which also apply to the grounded theory stage of analysis, is the fact that the maps (as is the case with the development of categories and concepts), only represent the best picture at a particular point in time (Jenkins 1995). As a result, the dynamics of these maps over
time, and the potential relationship with the strategic planning and environmental scanning activities, should be regarded as important issues for future research.

The research design did not facilitate the presentation of the grounded theory generated nor the cognitive maps to the respondents. This choice was based on the fact that enough information had been collected to allow the generation of theory and that any new insights would conduct to a new coding process which would result in new theory as well as new maps. During the interviews, however, efforts were made to make sure that the key issues coming into the discussion were probed and reviewed.

**7.6.2. Directions for further research**

The findings, contributions to theory as well as the limitations of the study allow the identification of a range of areas for guiding future research.

This study compares intenders and realisers' approaches to strategic planning and environmental scanning. From the findings it became clear that a formal written strategic plan is not a sufficient condition for formal environmental scanning to occur, even though this is suggested by the review of the literature. The typology of intenders and realisers cannot be taken and used without further investigation. To clarify the attitudes of hotel chains in each typological group, more evidence on the degree of 'intention' by realisers as well as the degree of 'realisation' by both intenders and realisers in respect of strategy and decision making will be needed. According to the existing characterisation of intenders and realisers, based on the findings it can be said that there is a high level of 'realisation' by both formal and informal intenders' hotel chains. In respect of realisers, even though the 'intention' is essentially informal (non-written), it exists and guides the definition of objectives and strategy. It may be the case to say that realisers' strategies are not exclusively non-deliberate or emergent, as argued by Mintzberg (1992), but instead, informally deliberate as there is a clear intention on the part of strategy and decision makers regarding strategy development and strategic decision making.
The main barriers to formal environmental scanning in hospitality organisations are the limitations of resources to scan both the general and task environments, the lack of good and reliable information, the fact that it is engaged at the highest levels of the firm, and scanning seen as a 'soft activity' with other tangible pursuits regarded as more rewarding (Olsen et al. 1992). However, as highlighted by the findings, decision makers' attitudes towards the importance of the information function is the main barrier to a formal process of environmental scanning. This situation is further affected by hierarchies' attitudes towards disseminating and sharing information. As a result of this finding, the question that can now be posed to researchers is: What is the relationship between organisational culture and the environmental scanning activities used to support strategy and decision making?

Due to the lack of information on hotel units resulting from the very low response rate to the questionnaire used to assess strategic planning and environmental scanning activities at the business unit level, it was not possible to study and compare corporate and business unit levels in respect of these areas of activity. As a result, an in-depth study of strategic planning and environmental scanning by hotel units located in Portugal would shed light into these aspects, while at the same time allowing a better understanding on how head office and units relate to each other in terms of planning and scanning.

Finally, by combining the review of the literature with the findings it was possible to identify a group of necessary conditions for a formal environmental scanning process to be defined and implemented. However, in order to prove if these are jointly sufficient conditions or if additional necessary conditions are needed, a formal scanning process will have to be designed, implemented and monitored so that it is possible to evaluate its feasibility and success if the identified necessary conditions are present.
7.7. CONCLUSIONS

This research explores the strategic planning and environmental scanning activities of hotel chains operating in Portugal. The relationship between strategic planning and environmental scanning when strategy is intended and also when it is realised was studied using a sample of fourteen hotel chains. The relevance and structure of a formal environmental scanning process, as well as the barriers to its development and the actions to overcome them are identified and represented by means of causal maps. The necessary conditions to a formal scanning process are also provided as a way to facilitate the development of future formal scanning processes.

The findings reflect differences between intenders and realisers in respect of their strategic planning activities, but also provide accounts of a considerable number of similarities, particularly in respect of their environmental scanning activities. The main difference can be seen the existence of a formal written strategic plan by intenders whilst realisers have an ‘informal plan’, vision or informal strategy. However, when the strategic plan is operationalised the resulting outcome (budget and/or marketing plan) is very similar in both groups. Intenders, by their turn, demonstrate a higher proactive attitude to the internal and external environments. In respect of decisions, these are frequent, opportunistic and market oriented in both groups. However, the degree of formality differs with intenders having a more formal approach to decision making. In terms of environmental scanning activities, differences are not so clear. The scanning activities reported are mostly informal with friends and colleagues in the sector regarded as the source of information by excellence when strategic decisions have to be made.

The findings provide a number of contributions to the fields of strategic planning and environmental scanning for hotel chains where strategy is intended and for those where it is realised. These include:
• the profile of formal and informal intenders and formal and informal realisers in respect of their strategic planning, decision making and environmental scanning activities;
• the relationship between strategic planning and environmental scanning;
• the relevance and structure of a formal environmental scanning process;
• barriers to a formal environmental scanning process and the actions to overcome them; and
• the necessary conditions for the development and implementation of a formal environmental scanning process.

These contributions together with a series of output propositions allowed the development of a model for continuous environmental scanning by both intenders and realisers' hotel chains. This model also relies on past research on environmental scanning and addresses the ideal structure as well as the necessary conditions seen by respondents as needed for the successful development and implementation of a formal scanning process.

The contributions and the inherent limitations of the study provide an agenda which can be used in guiding future research. The main themes suggested relate to:

• the further investigation of the typology of intenders and realisers, so that the degree of 'intention' by realisers, and the degree of realisation by both intenders and realisers can be further clarified;
• the relationship between organisational culture and the environmental scanning activities used to support strategy and decision making;
• the strategic planning and environmental scanning activities of hotel managers so that these activities both at corporate and business unit level can be compared; and
• the sufficient conditions for developing and implementing a formal environmental scanning process.

Future research which provides clarification of these themes or problem areas will assist in extending the understanding of strategy development and decision making.
and of the role that continuous environmental scanning can play in assisting these organisational processes.
Appendix A. EMPIRICAL STUDIES ON ENVIRONMENTAL SCANNING

<table>
<thead>
<tr>
<th>Authors</th>
<th>Research Questions and/or Hypotheses</th>
<th>Research Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aguilar (1967)</td>
<td>What kinds of external information do managers obtain and regard as important?</td>
<td>Recognition, search, and internal communication of external information</td>
</tr>
<tr>
<td></td>
<td>What sources do managers use to obtain this information?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In which ways is this information collected?</td>
<td></td>
</tr>
<tr>
<td>Kefalas and Schoderbeck (1973)</td>
<td>Is the external environment of the companies in the study stable or dynamic?</td>
<td>Examination of the relationship between external environmental characteristics and organisation information-acquisition behaviour</td>
</tr>
<tr>
<td></td>
<td>What is the average amount of time spent for acquisition of external information?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>What kinds of external information is acquired?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>What sources of external information are utilised by executives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>What are the ways used by executives to acquire external information?</td>
<td></td>
</tr>
<tr>
<td>Keegan (1974)</td>
<td>What are the main sources of external information used by executives?</td>
<td>Information sources utilised by headquarters executives in multinational companies</td>
</tr>
<tr>
<td></td>
<td>Are these sources internal or external to the organisation?</td>
<td></td>
</tr>
<tr>
<td>Fahey and King (1977)</td>
<td>What scanning model is used, and what are the current changes occurring in the firm’s scanning activities?</td>
<td>Identification of environmental scanning processes and activities, and the assessment of the relationship of the activities to corporate planning</td>
</tr>
<tr>
<td></td>
<td>What is the relative perceived importance of various environmental subsystems to the firm?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>What is the degree of integration of environmental scanning into the firm’s planning processes?</td>
<td></td>
</tr>
<tr>
<td>Segev (1977)</td>
<td>How is formal analysis actually used in strategy making?</td>
<td>Incorporation of environmental analysis into strategic decision making</td>
</tr>
<tr>
<td>Hambrick (1981)</td>
<td>Is there an association between an executive's hierarchical level and his/her scanning activity?</td>
<td>Amount of scanning of different environmental sectors, and amount of scanning overall</td>
</tr>
<tr>
<td></td>
<td>Is there an association between an executive's functional area and his/her scanning activity?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Do these associations differ by industry?</td>
<td></td>
</tr>
<tr>
<td>Hambrick (1982)</td>
<td>The total amount of scanning conducted by executives in Prospectors is equal to the total amount conducted by executives in Defenders.</td>
<td>Relationships between the environmental scanning activities of upper-level executives and their organisations’ strategies</td>
</tr>
<tr>
<td></td>
<td>Executives in Prospectors scan the entrepreneurial sector more than executives in Defenders.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executives in Defenders scan the engineering sector more than executives in Prospectors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The amount of administrative and regulatory scanning conducted by executives in Prospectors is equal to that conducted by executives in Defenders.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organisation structure: Is there a unit? Number of persons and skills, reporting responsibility, relation to corporate planning department.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scanning process: Exchange of information with other units, contingency planning, variety and method of forecast, integration into corporate planning activities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resources devoted to scanning: Money, man/months, types of personnel.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Philosophy of scanning: What role does scanning have?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Attitudes of top management, attitudes of other departments and divisions.</td>
<td></td>
</tr>
<tr>
<td>Authors</td>
<td>Research Questions and/or Hypotheses</td>
<td>Research Focus</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Culnan (1983)</td>
<td>Use of an information source will be positively related to perceptions of source accessibility. Use of information sources will be positively related to the perceived complexity of the task environment. In a long-linked organisation, staff employees will engage in more boundary-spanning activities and make greater use of external information sources than line employees.</td>
<td>Investigation of some of the variables that influence an individual's decision to use a particular information source for acquiring external information.</td>
</tr>
<tr>
<td>Fahey, King and Narayanan (1983)</td>
<td>What is the most sophisticated level of environmental scanning and forecasting that is in widespread current practice in various types of organisations? What is the average level of environmental scanning and forecasting that is in current practice? What are the future directions in which practice in the field should develop as viewed from various organisational perspectives?</td>
<td>Assessment of the most sophisticated and average levels of environmental forecasting and planning that are in widespread usage.</td>
</tr>
<tr>
<td>Farh, Hoffman and Hegarty (1984)</td>
<td>What are the important environmental traits (sectors, or segments) which the managers at the subunit level of analysis are likely to scan? What methods can be developed to assess the extent to which managers can scan these environmental traits?</td>
<td>Study of environmental scanning as a source of decision influence to the subunit level of analysis among a sample of European executives.</td>
</tr>
<tr>
<td>Jain (1984)</td>
<td>What leads companies to make a systematic effort to probe the future? What environments do they probe? What problems do they face in determining the corporate future? Does the evolution of strategic planning affect the scanning of environment? If so, what lessons can be drawn from the methods companies have pursued to connect strategic planning to environmental scanning and from the experience gained?</td>
<td>Evolution and state-of-the-art of environmental scanning among corporations.</td>
</tr>
<tr>
<td>Lenz and Engledow (1986)</td>
<td>How are environmental analysis units organised and staffed, and where are they positioned within the hierarchies of corporations? What contingencies are of central importance when deciding on the organisation and position of environmental analysis units? What conceptions of the organisational environment are used to guide environmental scanning and analysis activities? What are the advantages and disadvantages associated with various ways of organising an environmental analysis unit?</td>
<td>Investigate corporations representing the most advanced administrative practice of environmental analysis.</td>
</tr>
<tr>
<td>Daft, Sormunen and Parks (1988)</td>
<td>Sectors in the task environment create greater perceived strategic uncertainty for top executives than sectors in the general environment. Perceived strategic uncertainty across sectors will have a positive relationship with top executive scanning frequency. Perceived strategic uncertainty across environmental sectors will be positively associated with use of personal sources and negatively associated with use of impersonal sources of information about the environment. Perceived strategic uncertainty across environmental sectors will have a positive relationship with the use of external sources and no relationship with the use of internal sources of scanning information. The relationships in hypotheses 2 through 5 will have higher correlations in high-performing organisations.</td>
<td>Introduction of evidence about the perceived uncertainty of external sectors, the means through which chief executives of manufacturing firms acquire information about those sectors, and chief executives' scanning patterns in high-and-low-performing companies.</td>
</tr>
<tr>
<td>Authors</td>
<td>Research Questions and/or Hypotheses</td>
<td>Research Focus</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Preble, Rau and Reichel (1988) | What is the nature of the scanning practices of Multinational Corporations?  
What are their environmental areas of concern?  
What is the nature and use of both internal and external sources of information?  
What are their forecasting techniques?  
How do they undertake risk evaluation? | Environmental assessment activities of US headquartered multinational firms                        |
| Engledow and Lenz (1989) | What is the structure of the analysis process in the organisation?  
What are the links to planning?  
What models of the environment are in use?  
What are the problems in the process and implementation of the environmental analysis units?  
What is the history of the environmental analysis unit?  
What is the number and nature of personnel involved? | In-depth understanding of advanced practice of environmental analysis                             |
| West and Anthony (1990) | What are the strategic orientation of the firms in the study?  
What are the performance differences between strategic clusters?  
What is the effect of environmental scanning (process) on strategic performance?  
Can performance differences within strategic groups be explained by individual firm scanning behaviour? | Identify and examine the performance differences between and among strategic groups in the industry, and the assessment of the level of firm environmental scanning to determine if it exerts a moderative effect upon the performance of individual firms within each strategic groups |
| Kim and Olsen (1993)    | What are the key issues in the political environment of NICs (Newly Industrialised Countries) considered important to hotel project development and business operation of the multinational hotel chain and its subsidiaries? | Identify key events in the political environment of NICs that impact the development and operation of hotels owned and managed by multinational hotel chains. |
| Olsen, Murthy and Teare (1994) | Do CEOs (Chief Executive Officers) view various aspects of the environment of their operating domain as stable or volatile?  
How frequently do CEOs scan various categories of their environment?  
What level of interest do they have in scanning various events and trends occurring in their environment?  
Do they rely more on internal and personal than external and impersonal sources?  
Who is responsible for scanning activities in their firm?  
What types of decisions depend on the firm's scanning activities?  
What are the most important threats and opportunities for their firms in the next one- and five-year periods? | Assessment of environmental scanning practices in hotel firms and to learn how their executives view the uncertainty of the global business environment. |
Appendix B. HOTEL CHAIN POSTAL QUESTIONNAIRE

This questionnaire aims to identify the hotel chains operating in Portugal, and is part of a research project carried out by the author in the context of his doctoral programme at Bournemouth University. The data collected will be treated in confidence and only used for research purposes.

PART I
This section aims to identify the hotel chain, date of constitution, person indicated by the administration for further contacts and the respondent.

A. Identification of hotel chain
If there are any changes to the information in the following table, please enter the corrections in the space provided below.

<table>
<thead>
<tr>
<th>Company name:</th>
<th>Person for further contacts:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name and Address of hotel chain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Telephone (__) _______</th>
<th>Telefax (__) _______</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Person for further contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>-----------------------------</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job title</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job title</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
B. Date of constitution as a hotel chain
In the context of this study a hotel chain is defined as a company which owns and/or manages more than one hotel. For analysis purposes we are interested in knowing when the company started operating as a hotel chain. We have defined the first operational year as that when more than one unit was in operation. Please write down the year when you began to operate more than one unit.

Year: _______

PART II
The focus of the research is on identifying and explaining the strategies adopted by the hotel chains operating in Portugal. In order to identify whether there is a relationship between the strategy adopted and the type of hotel chain we have selected the following parameters: type of ownership; type of management; and identification of units.

A. Type of ownership
This question intends to identify any relationship between the type of ownership of the hotel chain and the adoption of specific strategies. For this purpose we ask you to tick the box according to the situation of your company: if Portuguese owned, foreign owned, or mixed (with Portuguese and foreign capitals).

Portuguese ☐ Foreign ☐ Mix (Portuguese/Foreign) ☐

B. Type of management
In order to classify the hotel chain according to the strategies adopted we need to know if the hotel chain owns, manages or both owns and manages hotels. To identify the structure of management of your hotel chain please tick the box according to the situation which applies to your company, and write down the number of hotels in each case.

Franchise Contract ☐ N°_____

Independent Owned ☐ N°_____

Management Contract ☐ N°_____

PART III
Identification of units
To identify the relationship between the size of the hotel chain and the strategies being followed we need to know the number of hotels for which the chain is responsible. This will also allow us to establish the importance of the company within the context of the Portuguese hotel sector. For this purpose we ask you to please identify each hotel comprising your chain according to the parameters stated. Add extra sheets if needed. If you have your own list with the information required you may send it instead of filling in the next table.
<table>
<thead>
<tr>
<th>NAME OF HOTEL</th>
<th>LOCATION</th>
<th>CATEGORY</th>
<th>SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name of city/town</td>
<td>Category/No. stars</td>
<td>No. bedrooms</td>
</tr>
</tbody>
</table>
PART I - RESPONDENT / COMPANY BACKGROUND INFORMATION

1. What is your position in the company?

2. How long have you been in this position?

3. What are your professional or academic qualifications?

4. What percentage of guests stay for each of the listed segments?

   Business  %
   Congress  %
   Tourism  %
   Other  %

   Please specify:

5. How many layers does the management structure of your company have?

   Holding (Layer 1)
   Board of Directors (Layer 2)
   Group Director of Operations (Layer 3)
   Group Director of Marketing
   Area Director of Operations (Layer 4)
   Area Director of Marketing
   General Managers of Hotel Units (Layer 5)
   General Managers of Hotel Units
   F&B Director (Layer 6)
   Front Office Director
   Rooms Director
PART II - ENVIRONMENTAL SCANNING ACTIVITIES

1. Which of the following factors do you regard as most influencing your company performance?

a) Please rank the 5 most important short term influences (from 1 the most important, to 5 the least important).
b) Please rank the 5 most important long term influences (from 1 the most important, to 5 the least important).
c) Of the factors not ranked please indicate if they have a short term influence, a long term influence, or no influence at all in your company.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Level of Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short Term</td>
</tr>
<tr>
<td>1-National economic performance</td>
<td></td>
</tr>
<tr>
<td>2-Cost of investment</td>
<td></td>
</tr>
<tr>
<td>3-Inflation</td>
<td></td>
</tr>
<tr>
<td>4-Interest rates</td>
<td></td>
</tr>
<tr>
<td>5-Government change</td>
<td></td>
</tr>
<tr>
<td>6-New legislation / regulation affecting the sector</td>
<td></td>
</tr>
<tr>
<td>7-Changing social patterns and behaviour</td>
<td></td>
</tr>
<tr>
<td>8-Current customer needs</td>
<td></td>
</tr>
<tr>
<td>9-Competitor pricing strategies</td>
<td></td>
</tr>
<tr>
<td>10-Re-enforcement of trade action by competitors</td>
<td></td>
</tr>
<tr>
<td>11-Current cost/availability of raw materials</td>
<td></td>
</tr>
<tr>
<td>12-Future changes in customer needs and trends</td>
<td></td>
</tr>
<tr>
<td>13-Potential entrance of new competitors</td>
<td></td>
</tr>
<tr>
<td>14-Development of new product / services by competitors</td>
<td></td>
</tr>
<tr>
<td>15-New technological developments</td>
<td></td>
</tr>
<tr>
<td>16-Other:</td>
<td></td>
</tr>
</tbody>
</table>

2. You have identified factors that influence your company performance. Can you please tell me how you scan them?

<table>
<thead>
<tr>
<th>Scanning Process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Formal</th>
<th>Informal</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-National economic performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-Cost of investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Inflation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-Interest rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-Government change</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-New legislation / regulation affecting the sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7-Changing social patterns and behaviour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8-Current customer needs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-Competitor pricing strategies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-Re-enforcement of trade action by competitors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-Current cost/availability of raw materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12-Future changes in customer needs and trends</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-Potential entrance of new competitors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14-Development of new product / services by competitors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-New technological developments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Can you please describe the processes used to scan the environment?

   a) Formal processes
   b) Informal processes

   (You can collect information formally through an organised process, or informally without any structured effort)

<table>
<thead>
<tr>
<th>National economic conditions</th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political and government conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technological conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. How often do you formally collect information about these factors?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Never</th>
<th>Once a year</th>
<th>4X a year</th>
<th>Monthly</th>
<th>Weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-National economic performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-Cost of investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Inflation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-Interest rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-Government change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-New legislation / regulation affecting the sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7-Changing social patterns and behaviour</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8-Current customer needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-Competitor pricing strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-Re-enforcement of trade action by competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-Current cost/availability of raw materials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12-Future changes in customer needs and trends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-Potential entrance of new competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14-Development of new product / services by competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-New technological developments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-Other:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. How would you characterise your information collection activity regarding the sources and the processes used?

The sources used to collect this information can be internal or external to the company, and they can either be personal (face to face or telephone conversations, etc.) or Impersonal (publications, exhibitions, reports, etc.).

<table>
<thead>
<tr>
<th>Sources</th>
<th>Formal</th>
<th>Informal</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>1</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>2</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>3</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Impersonal</td>
<td>4</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

6. Please tell me which 3 are the most important.

7. Of these 3 what do you use each of them for?

8. From which of the following sources do you collect information about these factors?

- Professional journals (Hospitality)
- Trade journals (Hospitality)
- Professional journals (Non-hospitality)
- Trade journals (Non-hospitality)
- Newspapers
- News magazines
- Government publications
- Financial data publications
- On-line databases
- Other

9. Who is responsible for collecting the information, what is the type of approach used, and how much time is spent on this activity?

<table>
<thead>
<tr>
<th></th>
<th>Formal</th>
<th>Informal</th>
<th>Average hours/week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yourself</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other member of staff (doing it as part of his duties)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A group of staff (doing it as part of their duties)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other member of staff (doing it as his/her only duties)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A group of staff (doing it as their only duties)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. After being collected, how is the information:

a) analysed; and

b) disseminated throughout the organisation?

PART III - ATTITUDES TOWARDS STRATEGIC PLANNING ACTIVITIES

1. How would you characterise the strategic planning process of your company?

   a) Do you have a strategic plan?

      What steps are involved in producing it?

      How do you implement it?

      How do you control its implementation?

   b) If no, why not?

2. How would you characterise the decision making process in your company?

   Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree
   ________________________________________________________________
   The decisions are frequent, opportunistic and market oriented
   The decisions are mainly about operational issues
   The decisions are mainly about strategic issues
   The decisions are more related to problem solving than opportunity creation
   The decisions are more related to opportunity creation than problem solving
   Most operational decisions are made by senior/middle managers acting individually or in small informal groups
   Most operational decisions are made in formal meetings

3. How are the objectives and goals for your company defined?
4. How would you characterise the strategic planning approach of your company?

<table>
<thead>
<tr>
<th>The company purpose is defined in terms of long-term objectives</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company purpose is defined in terms of action programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company purpose is defined in terms of resource allocation priorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company segments accurately the business it is in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company identifies precisely the businesses it wants to enter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company understands its major competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company tries to anticipate important competitors' moves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company dynamically adapts its strategy to environmental changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company recognises its strengths and weaknesses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company tries to develop a long-term sustainable advantage over its key competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. What is the position of the key players involved in defining the objectives and goals of the company?

6. How are the objectives and goals for the individual units (hotels in the chain) defined?

7. How would you characterise the process of strategy making in your company?

<table>
<thead>
<tr>
<th>Strategy is formulated by the administration</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy is openly and widely communicated internally to the organisation and externally to all relevant constituencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy is formulated using inputs from employees in different positions and then ratified by the board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy is developed in such a way as to achieve a wide consensus for the actions to be undertaken</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy is based on a structured and formal process aimed at the precise specification of corporate, business and functional strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy is based on a process of negotiation amongst all the main players</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The basis of strategy is the analysis of current and projected financial performance and the preparation of new budgets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The basis of strategy is the analysis of current and projected market, social and economic trends and forecasts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategic plan is updated annually</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategic plan is updated as and when internal and external conditions require it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategic plan contains mainly financial forecasts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategic plan reviews market conditions, strategic goals and financial forecasts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. What actions do you take to make sure the company objectives will be achieved?

9. What sectors of the company do you evaluate to assess your company’s performance, and what methods do you use?
Appendix D - PERCEPTIONS OF INDIVIDUALS OF THE ROLE OF INFORMATION IN THE STRATEGIC, TACTICAL AND OPERATIONAL DECISION MAKING AT THE CORPORATE LEVEL

Part I - Respondent and organisation background

<table>
<thead>
<tr>
<th>1.1. Interview date:</th>
<th>Time interview started:</th>
<th>Finished:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2. Respondent name:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3. Position:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4. Time in position:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5. Academic background (higher degree):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6. Hospitality education (higher degree):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.7. Organisation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.8. Head office location:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.9. Main segment of operation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.10. Number of hotel units:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.11. Number of rooms:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.12. Number of employees:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part II - Organisation strategic planning activities

2.1. Does your company formalise its strategy in a written strategic plan? If not, what instead?

2.2. What was the date of the last plan?

2.3. What is the proposed date for the new plan?

2.4. Is it produced in regular time periods?

2.5. Who produces the plan?

2.6. Who makes inputs?

2.7. Do you have an input?

2.8. Is it revised regularly or accidentally in an ad hoc way?
Part III - Respondent decision making and information collection activities

3.1. From the following areas - strategic, tactical, and operational (day-to-day), in which of them do you make decisions?

3.2. Please describe the type of decisions you make on each area, its nature (planned or accidental) and frequency?

3.3. What type of information do you use to make each decision?

3.4. What sources of information do you use to collect this information?

3.5. Can you please describe the process used to collect this information?

3.6. Is this information used by anyone else? If yes, who uses it? If no, why not?

Part IV - The information collection process

4.1. In order to obtain all the information you see as relevant for your decision making process how should the information collection process be organised (collection/analysis/usage)?

4.2. What limitations / barriers can you foresee in developing and implementing such an information process?

4.3. How do you think this limitations / barriers can be overcome?

4.4. What do you think is the relevance of a formal process of collecting, analysing, storing and disseminating information for your decision making process?
Appendix E - PERCEPTIONS OF HOTEL MANAGERS OF THE ROLE OF INFORMATION IN THE STRATEGIC, TACTICAL AND OPERATIONAL DECISION MAKING AT THE BUSINESS UNIT LEVEL

Dear Sir/Madam, this questionnaire is part of a larger study which intends to evaluate planning and business environmental scanning activities amongst hotel chains operating in Portugal. I have kindly requested that it would be passed on to you so that the importance of the study and the level of confidentiality could be confirmed by your head office.

I want to thank you in advance for completing the questionnaire and tell you that I will be very pleased to send you a summary report of the main findings if you provide me with your address.

Yours faithfully,

Jorge Costa

Part I - Respondent and organisation background

This part of the questionnaire intends to collect information on the respondent, the organisation (hotel unit) and the chain it belongs to. If you need more space to answer any of the questions in this or any other group please identify the answers and add as many additional sheets as required. Please answer:

1.1. Respondent name:

1.2. Position:

1.3. Time in position:

1.4. Academic background (higher degree):

1.5. Hospitality education (higher degree)

1.6. Organisation:

1.7. Head office location:

1.8. Main segment of operation of the hotel unit:

1.9. Number of rooms of the hotel unit:

1.10. Number of employees of the hotel unit:
Part II - *Organisation strategic planning activities*

This part of the questionnaire intends to collect information on the company's approach to the development of strategies. To achieve this objective I would like to know about the level of formality of the strategy making process and how frequently it is revised. For this purpose please answer:

2.1. Is the strategy for your hotel unit formalised in a written strategic plan or defined and communicated informally (informal strategy)? Please explain.

2.2. What was the date of the last plan or informal definition of strategy?

2.3. What is the proposed date for the new plan or informal definition of strategy?

2.4. Is the plan or informal definition of strategy produced in regular time periods during the year? Please specify.

2.5. Who is responsible for developing the plan or informal definition of strategy?

2.6. Who makes inputs to the plan or informal definition of strategy?

2.7. Do you also have an input in the production of the plan or informal definition of strategy? If yes please explain.

2.8. Is the plan or informal strategy revised regularly or accidentally in an ad hoc way? Please explain.
Part III - Respondent decision making and information collection activities

In order to understand your process of information collection and usage I would like to know about your decision making activities, the information you use to perform them and how this information is collected and analysed. For this purpose please answer the following questions:

3.1. From the following areas - strategic (ex. selection of markets to enter), tactical (ex. choice of suppliers), and operational (ex. current day-to-day operations), in which of them do you make decisions?

3.2. Please describe the type of decisions you make in each of the areas selected and the frequency of the decisions (ex. daily, weekly, monthly, etc.).

3.3. What type of information do you use to make each of the decisions described?

3.4. What sources of information do you use to collect this information (ex. newspapers, magazines, TV, internal reports, talk to friends, etc.)?

3.5. Please describe the process used to collect this information.

3.6. Do you share this information with anyone else? If yes, who else uses it? If no, why not?
Part IV - The information collection process

One of the aims of this study is to assess the need for a formal process of collecting and analysing information and the ideal structure of such a process as seen by hotel managers. For this end I would like to know your opinion about other information that you see as relevant and are not available to you at the moment; the best process to obtain this information; and the potential barriers or limitations in developing such a process. Please answer:

4.1. In order to obtain all the information you see as relevant for your decision making process how do you think the information collection process should be organised (ex. how should the information be collected, analysed and stored for future usage)?

4.2. What limitations or barriers can you foresee in developing and implementing such an information collection/usage process?

4.3. How do you think this limitations or barriers can be overcome?

4.4. What do you think is the relevance of a formal process of collecting, analysing, storing and disseminating information for your decision making process?

If you have any additional comments you would like to make please use the space below. If you need additional space please include as many sheets as required.

Thank you very much for your time.

297
Appendix F - PROCEDURES FOR BUILDING COGNITIVE MAPS USING GRAPHICS COPE

Graphics Cope is a computer program which helps with the building and analysis of cognitive maps for idea management.

A cognitive map is a method of modelling ideas, typically ideas about a problem, which has proved very useful for decision making by providing an easily understood representation.

The cognitive map can be entered into the computer using Graphics Cope, and then Graphics Cope provides tools for an analyst to explore the model of thinking.

Mapping
Graphics Cope is all about maps of concepts and the relationships between them.

What is a Graphics Cope model?
A Graphics Cope model is a collection of ideas and relationships connected in the form of a cognitive map. Ideas are expressed by short phrases which encapsulate a single notion and its opposite.

The relationships between these ideas are described by linking them together in either a causal or connotative manner. Causal links are normally used, and they indicate that one concept 'caused' or 'may lead to' another. In this way, the views and opinions of a single person or group of people can be captured and explored.

Concepts
A Graphics Cope model contains two basic elements:

- Concepts
- Links

1 A summary of the COPE software manual produced by the researcher.
A concept is simply an idea expressed as a short statement which contains two contrasting parts. For example:

Friendly rather than Distant

The first part is sometimes referred to as the emergent (or positive) pole and the second part as the contrasting (or negative) pole. To add this concept to the model, enter:

Friendly.Distant

The single dot is used to separate one pole from the other when entering the concept. The second pole is optional, as you will find latter in “Concepts Types”.

A number will be automatically allocated to this concept, and you can use this number to refer to the concept when using Graphics Cope commands.

Concepts are usually linked together to form an expression of argument or description of a problem.

In a Graphics Cope model a causal belief is represented by a causal link shown on a map as an arrow, and indicated in some text displays with a plus sign ‘+’.

To enter the concepts, double click the left mouse button in the window, then type the text, followed by the ‘enter’ key.

When you have entered the concepts, and want to link them, click and hold on the first concept, then drag the mouse to the other.
The Mapping, Consequences, and Explanations facilities will enable you to look at the consequences and explanations of concepts. The items in the list menu give, amongst other things, a list of all the concepts in the model and of the links.

**Concept Details**
Concepts are limited to 159 characters each. A concept should express only one idea or notion; if you feel that you need much more text then you are probably trying to encapsulate too much information in one concept. Graphics Cope will not allow more than one space between the words.

**Concept Numbers**
When a concept is created, Graphics Cope will allocate a number to it. The preferred method of entering concepts is directly in the window, positioned using the mouse.

**Concept Styles**
One feature of Graphics Cope is the ability to convey information through the use of text attributes, such as colour, font and size. Thus it is possible to tell at a glance the significance of a concept, without having to read the text and determine the significance each time.

**Concept Types**
As well as the basic concept described before (known as bipolar), there are other types available. There are six types of concept: Bipolar; Shorthand bipolar; Monotonic; Emergent pole only; Contrasting pole only; and Assertions.

*Assertion* - Although the normal form of a concept has both a positive and negative pole, some ideas are not amenable to this approach and do not naturally have an opposite pole. These are known as assertions, such as “the country is going downhill”. An assertion is entered in the form:

... We are going downhill
and will be displayed as:

We are going downhill ... We are going downhill

*Bipolar* - Bipolar concepts are the most common variety of concept. They contain an emergent (or positive) and a contrasting (or negative) pole to indicate an idea and its converse. Most relationships can be expressed with bipolar concepts. The emergent pole only and contrasting pole only concept types are implicitly bipolar because Graphics Cope automatically infers the opposite pole of the concept. A bipolar concept is entered in the form:

Emergent pole.Contrasting pole , or

Positive pole.Negative pole

and will be displayed as:

Emergent pole ... Contrasting pole

*Emergent pole only* - In some cases, the contrasting pole is the exact opposite of the emergent pole, and so the contrasting pole can be deduced from the emergent pole. If a concept is entered with a contrasting pole only:

Incomes policy

It will be displayed as:

Incomes policy ... [not] Incomes policy

Note that the contrasting pole may not be displayed if the [not] poles option is turned off. (See page 82 of the manual for full explanation).
Contrasting pole only - In the same way as with emergent pole only concepts, if the emergent pole is omitted it can be deduced from the text supplied. If a concept is entered with a contrasting pole only:

.Incomes policy

it will be displayed as:

[not] Incomes policy ... Incomes policy

Monotonic - Monotonic concepts describe the state of a quantity which can either increase or decrease. These are really a special form of bipolar concept which allows a shorthand form of entry. A monotonic concept is entered in the form:

Inflation +

and will be displayed as:

[+] Inflation ... [-] Inflation , or

an increase in inflation .. a decrease in inflation

The actual display form is determined by the long +/- option, described on page 81.

Shorthand bipolar - It is possible to enter a concept which has common text in both poles in shorthand form. The type of concept is identical in every other way to a conventional bipolar concept. A shorthand bipolar concept is entered in the following form:

More.Less.investment
and is displayed as:

More investment ... Less investment

**Links (Relationships)**
Graphics Cope can handle many different types of relationship between concepts. Relationships are represented as links, and the terms are used synonymously.

Concepts may be linked causally, connotatively, temporally, and using two user-defined links. A causal link implies that one concept leads to, or affects in some way, another concept. The connotative link suggests only that the concepts are associated in some way. Temporal links suggest that the concepts follow in time.

All links except connotative links can be positive, or negative. A positive link states that the first pole of one concept leads to the first pole of the consequential concept and that the second pole of the concept, similarly, leads to the second pole of the consequential concept.

Additionally, links can be used to express ‘logic’, i.e. that any or all the links attached to a concept must be true before the concept itself is true.

**Causal Links**
A causal link implies that one concept leads to, or affects in some way, another concept. A positive link is a plain arrow on a map, and indicated in text using a ‘+’ character.

\[ 4+7 \quad (4 \text{ leads to } 7) \]

A negative link represents the converse of the positive link. The first pole of a concept leads to the second pole of the consequential concept, and that the second
pole of a concept leads to the first pole of the consequential concept. The negative link is indicated on the map by the presence of a ‘-’ sign next to the arrow.

Connotative Links
Connotative links are represented in a map by a straight line (an arrow with no head), and by the ‘.’ dot character in text. A connotative link between two concepts just associates them in some way. In comparison with causal links therefore, connotative links are bi-directional. Entering the link one way automatically inserts the reverse link. The link 5.6 also implies the link 6.5, connotative links are always therefore created and deleted in pairs.

Temporal Links
Temporal links, used to represent a relationship indicating that a concept follows in time from another, is represented on a map by an arrow with a T by it. In text, the letter ‘t’ is used.

Link Logic
In most mapping situations, it is not necessary to infer explicit logic in the links of a concept. The links represent relationships between concepts, and that is all that is needed. In some cases, such as knowledge gathering for expert systems, the links take on a more formal role, and “link logic” is built into Graphics Cope to help. When logic is required, the links are considered to cause a concept to be true if any of the concepts with links entering it are true (an OR concept). If the concept is an AND concept, it is only considered true if all concepts with links entering it are true.

Sets
In Graphics Cope, a Set is a method of classifying concepts that constitute an arbitrary set of concepts, such as the set of concepts which are the company objectives, or the set about a particular building. Each set has a unique name, and can be used as the basis for further analysis by a GCL program. The result of Graphics Cope commands can be placed in sets so that they can be further analysed.
Understanding the purpose and flexibility of sets is fundamental to getting best use from Graphics Cope.
BIBLIOGRAPHY


