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**Article**

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## STRATEGIC MANAGEMENT PRACTICES WITHIN THE ROMANIAN HOTEL INDUSTRY

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### Abstract

The fierce competition among hotels had forced managers to reconsider the way in which they are doing business. The strategic planning is seen as one approach that could help hotel managers to bust their hotel performance and to obtain a competitive advantage against the other hotels. This paper addresses the issue of strategic management in the hotel industry through a survey designed to identify the strategic practices that hotels from the North-Western part of Romania are using. The research study was based on a questionnaire that was administered to 65 key decision makers from the hotel industry in five large cities. The aim of the study was to offer a real picture of the strategic approaches that are implemented within the hotel industry. The study uses 25 statements that largely correspond to some of the most-cited strategic practices within the strategic management tourism literature. The hotels that took part in the study focused mainly on implementing the differentiation and innovation strategy. The ANOVA test showed that there are significant differences between the way in which these strategies are pursued according to several characteristics of the hotels (size, category and management type). The results offer valuable and consistent insights for both hotel managers who wish to develop better strategies and theoreticians who are interested in filling in the existing gap from the hotel literature.

**Keywords:** Strategic management practices, innovation strategies, hotel industry, study, sample

**JEL Classification:** L83, M21, M53, O12

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### Introduction

As a result of the increased competition, managers prove to be more and more preoccupied with the decision-making process that allows their companies to act on the market (Olsen, Ching-Yick Tze and West, 1998). The strategic options are the outcome of managers' efforts to identify the forces that determine the changes allowing them to understand the opportunities from the business environment. The ultimate goal of hotel managers is to obtain the best results with minimum effort and lowest investments. All these can be

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accomplished only if they can choose the best strategies and thus obtain the competitive advantage.

The strategic thinking and the strategic management are seen as the most-important activities of any organization (Evans, Campbell and Stonehouse, 2006). The way in which these activities are performed can explain the success or a failure on the long run. The majority of hotel managers are eager to develop and implement the best strategy that could sustain an increased level of performance for their hotels. The main aim of strategic management process is to analyze companies' both internal and external environment and to offer a solution for improving their financial results. There isn't sufficient evidence to show that there are consistent differences between the strategic management of hotels and the strategic management in practice at other companies, from other business sectors (Okumus, 2002); thus, one can consider that the strategic management is vital for the companies within the hotel sector.

The companies that make use of the strategic planning may perform better than those who do not show any consideration for the strategic management process. A study undertaken on a sample of hotel managers showed that the use of strategic management offers the highest level of satisfaction in comparison with any other management technique used. At the same time, 81% of the respondents involved in the study said that they are using strategic planning on regular basis (Rigby, 2001). Another study performed on the UK hotels has revealed that there is a positive association between hotel performance and the strategic planning (Phillips, 1996).

All these findings demonstrate not only that strategic management is important for the hotel sector, but also that it can facilitate the creation of competitive advantage that will allow for better results. The aim of the paper is to identify the most commonly used strategic practices used by the hotel managers in Romania. The study focuses on a sample of hotels from the North-Western part of the country. At the same time, the paper offers a response to the following research question: Do any hotel characteristics (size, hotel management, and category) have an impact on three of the most frequently cited strategies (low-cost strategy, differentiation strategy, and innovation strategy)?

The paper starts with a thorough literature on the strategic management and highlights some of the most-important concepts from this field of study. At the same, Michael Porter's cost leadership and differentiation strategies are presented. It continues with the description of the methodology used within our research by referring to questionnaire development and administration, sample calculation and data analysis. Next, the most-relevant results are presented, followed by discussions on the managerial implication of these results. The paper concludes with some limitations of the study and avenues for future research.

## **1. Literature review**

One of the very first goals of strategic management was to help managers to plan the future. Peter Drucker (1968) truly believed that the only option for managers in order to be successful is to foresee the future and try to influence it. In fact, it was Igor Ansoff (1965), one of the most-influential figures of strategic management literature who argued that the main difference between strategic management and operational management is related to time. Ansoff considered that strategic management should deal with the optimization of the

investments whereas operational management should deal with the creation of optimum for the investments (Ansoff, 1965).

Strategic management has considerably evolved since its inception. Both theoreticians and practitioners have showed great interest for various concepts related to this field of study, like companies' capabilities and opportunities, the competitive environment (Andrews, 1971); the development of different analytical tools – SWOT analysis, competitive advantage and value chain (Porter, 1980); the model of 7S, which allows for a better understanding of internal aspects that contribute to the achievement of goals (Pascale and Athos, 1981; Peters and Waterman, 1982).

Another research path within the strategic management theory was related to the identification of universal rules and concepts that could be applied for different companies in various sectors of activity. For example, Michael Porter had identified three strategies that can serve companies to improve their competitive position: the cost leadership strategy, the differentiation strategy and focus strategy (Porter, 1980). These strategies together with Miles and Snow (2003) strategies are known as generic strategies. Companies can also develop corporate-level strategies (Hitt, Hoskisson and Ireland, 2007). David (2007) offers a simplified perspective on the strategic alternatives as he identifies the following strategies: integration strategies (backward, forward and horizontal integration); intensive strategies (market penetration, market development and product development); diversification strategies (related and unrelated diversification), defensive strategies (redraw, liquidation and selling strategies).

The strategic management process comprises the following steps: (1) the analysis of internal and external environment of the company; (2) the establishment of strategic direction; (3) strategy formulation and (4) strategy implementation and (5) the development of a control mechanism (Borza *et al.*, 2008).

Most studies related to tourism can be classified as being applicative researches that try to offer answers to specific questions. Blum (1996) makes an inventory of the topics from the tourism industry based on the papers that have been published for fifteen years within a highly ranked journal (*Hospitality Research Journal*) and identifies the following six major research topics: (1) human resources and organizations; (2) the quality of services and customers; (3) education and professional training; (4) finances, strategies and performance; (5) trends in the food sector and (6) legal aspects.

In regard to the use of strategic management within the tourism industry, Harrington and Ottenbacher (2011) had assessed the strategy-related articles published in leading tourism journals for the period between 2005 and 2009. Their findings show that about 27 percent of the total journal articles represent strategy articles. The main topics covered within these articles refer to: strategy and uncertainty, strategy and the internal organization, competitive strategy, corporate strategy, structure and governance, global strategy, the strategy process, strategy implementation, knowledge and innovation, the practice of strategy, entrepreneurship and strategy.

Performance measurement represents a managerial activity which should be of utter importance for any hotel manager. According to Phillips (1999), the competitive advantage can be achieved when inputs, processes, outputs, markets and the characteristics of the business environment are congruent with the goals of the company.

A more recent study (Claver-Cortez, Molina-Azorin and Pereira-Moliner, 2007) that was undertaken on 114 hotels from Alicante region in Spain was aimed to determine the strategies and sources of competitive advantage used by the hotel managers. The research investigated the relation between several strategic variables (size, type and category of the hotels) and financial results. The findings pointed out that the medium and large hotels pertaining to a chain are better performers than the smaller hotels which are not part of any chain. At the same time, the results of the study proved that the high performer hotels are more able to focus on strategies that allow them to improve processes.

Garrigos-Simon, Marques and Narangajavana (2005) had used the strategic typologies defined by Miles and Snow (2003) in order to check for any correlations between these strategies and several performance indicators pertaining to 189 hotels in Spain. This study revealed that three viable strategy types identified within the literature (namely prospectors, defenders, and analyzers) are likely to perform well while reactors are linked to poor performance (Garrigos-Simon, Marques and Narangajavana, 2005).

Wu, Hsiao and Tsai (2008) performed an assessment of the hotel sector in Taiwan from a double perspective: both macro and microeconomic. Their study on 56 international hotels had as main objective to identify the implications over hotel sector development and competition using a dual approach: the first was linked to operational income that was seen as a factor of sector development, and the second one was related to operational efficiency that was defined as a factor of company performance. The results of this study highlighted superior performance for the hotels that were implemented either a differentiation strategy, either a focused strategy.

Strategic groups describe apparent clusters of firms that exhibit similar or homogeneous behavior within a somewhat heterogeneous industry environment (Fiegenbaum, McGee and Thomas, 1988). Strategic group research has demonstrated group-performance linkages in a number of industries (Parnell and Wright, 1993). As strategic group assessment identified clusters of businesses employing similar strategies, researchers were beginning to categorize similarities within the strategic groups across studies (Parnell and Hershey, 2005). Business strategy typologies identifying several generic strategic approaches were developed and utilized as a theoretical basis for identifying strategic groups on industries. Many strategic group researchers began to utilize approaches believed to be general available across industries, specifically those of Porter (1980) and Miles and Snow (2003). This theoretical extension across industries is important for considering strategy typologies as a conceptual bridge between the industrial organization theory and resource-based view theory.

According to Porter's framework (1980), a business can maximize its performance from the selection of a generic strategy which best fits the firm's competitive environment and then organize value adding activities to support the chosen strategy. Firms may use one of the three alternatives: (a) cost leadership strategy, (b) differentiation strategy, and (c) focus strategy.

The firms that are following the cost leadership strategy will strive to be the lowest producers of the product (good or service) within an industry. The broad scope of cost leaders means that they attempt to serve a large percentage of the total market. As Harrison and Enz (2005) point out, many hoteliers are pursuing some balance between low-costs and differentiation. Within the hotel industry, it is quite hard to find "pure strategies" as a clean

room and linens and some level of comfort is expected at every lodging property. Once the basic quality standards have been met, differentiation occurs as hotels offer more than just a clean, comfortable room.

A differentiation strategy is based upon persuading customers that the product is superior in some way to that offered by competitors. Differentiation can be based on premium product features or simply upon creating consumer perceptions that a product is superior. The key to success is that customers must be willing to pay more for the uniqueness of a service than the firm paid to create it. Examples of firms that are pursuing differentiation strategies include both Marriott and Hilton by providing very high quality experiences that appeal to both business and personal travelers.

A focus strategy is aimed at a segment of the market for a product rather than at the whole market. A particular group of customers is identified on the basis of age, income, lifestyle, sex, geography, other distinguishes demographic characteristics or on the benefits sought from travel and tourism products (Evans, Campbell and Stonehouse, 2006). Focus strategies can be based on differentiation, lowest cost, or best value; however, a focus strategy emphasizing lowest cost would be rare in the hotel industry because it is hard to please a particular guest segment without some form of differentiation (Harrison and Enz, 2005). In the hotel industry, Four Seasons focuses on elite consumers with discriminating tastes, while Burj Al Arab hotel from Dubai is an even more extreme example of catering to the elite.

The research performed on strategic management related issues in a Romanian context is scarce. There are very few scholars who showed a real interest for identifying the way in which different strategies are implemented by hotel managers in Romania. However, Popescu *et al.* (2011) tried to design the development strategies for services in small and medium-sized companies that activate in the tourism field industry. In order to point out the strengths and weaknesses of touristic services management approaches, they have undergone a comparative study between Romanian and Spanish companies' touristic services and learning organization practices. Other authors have focused their attention on particular aspects of hotel performance, like the analysis of touristic traffic indicators and assessment of customers' satisfaction (Țigu and Călărețu, 2013). Their findings are useful for explaining how hotel demand management can influence supply chain management performance in tourism. Another avenue of research was represented by the studies aiming at identifying tourists' opinion regarding different aspects related to Romanian hotel industry. Thus, Lupu, Tănase and Tontoroiu (2013) had performed an investigation on tourist' perception about the application of ecolabel in the hotel business area.

The present study deals with managerial issues that hotels are facing every day by assessing the strategic practices that are in use in various hotels from Romania. There is an increasing popularity of strategic planning within all industries due to an augmentation in the global competition and also to the rapid development of strategic-planning methods that executives find useful (D'Aveni, 1995). The hotel industry is not the exception of the rule, but it is the confirmation of it. Strategic analysis is the foundation of strategic management process and more than that it can help guide business strategy (Harrison, 2003).

## 2. Research methodology

The research had been conducted using a sample of hotels from the North-Western part of Romania, and it took the form of a quantitative study based on a questionnaire. The questionnaire comprised two parts: the first one included factual data about the respondents and the hotels for which they work, and the second part included 25 statements that referred to different strategic practices in use at the hotels. A five-point Likert scale had been used to find out which was respondents' opinion about the strategic practices (1 – Highly unimportant and 5 – Highly important). These statements had been derived from previous studies that dealt with strategic management issues (Allen and Helms, 2006; Allen *et al.*, 2007). The questionnaires were administered during face to face sessions with hotel representatives that were aware of the managerial strategy. For confidentiality reasons and in order to increase the level of responses the names of the respondents were kept anonymous. After the data had been collected, it was computed and analyzed with SPSS 16.0.

In order to calculate the sample dimension, *The Romanian Hotel Guide* which is published by National Tourism Authority in Romania and comprises a list with all the hotels was used. The focus of the research was the North-Western region of Romania as the study included only those hotels which were situated in the major cities of this region. The sample was drawn using Taro Jamane's (1) formula as this is an appropriate instrument for those cases in which the researchers deal with smaller population sizes.

$$n = \frac{N}{(1 + Ne^2)} \quad (1)$$

where: n – represents the sample size (67);

N – represents the total population (80);

e – maximum of accepted error (e = 5%).

We were able to collect 65 valid questionnaires from the five cities in Romania. The maximum accepted error had been slightly exceeded (65 responses) that indicates a error of 5.37%. Table no. 1 presents the geographic distribution of both the population and sample.

**Table no. 1: Geographic distribution of hotel population and sample**

Hotel location	Population		Sample	
	No. of hotels	Percentage	No. of hotels	Percentage
Oradea	19	23.75	16	24.62
Bistrita	8	10.00	6	9.23
Cluj-Napoca	34	42.50	28	43.08
Baia Mare	7	8.75	6	9.23
Satu Mare	8	10.00	6	9.23
Zalau	4	5.00	3	4.62
<b>Total</b>	<b>80</b>	<b>100</b>	<b>65</b>	<b>100</b>

*Source: Authors' main calculations*

Based on the findings from the literature review several hypotheses were formulated to accomplish the research goal. The following hypotheses were postulated:

H1: The implementation of the differentiation strategy by the Romanian hotels is done differently due to the size of hotels.

H2: The leadership cost strategy is pursued in a different manner by the Romanian hotels due to their type of management.

H3: The differentiation strategy will be pursued in different manners by the Romanian hotels due to the type of management they have.

H4: The innovation strategy will be implemented in different ways by the Romanian hotels due to their category (ranking).

### **3. Results and discussions**

The research was addressed to key decision makers from the hotels that were included in the sample. Because the questionnaire referred to several strategic practices in use at the Romanian hotels, it was administered to those persons who were well informed about the strategies pursued by the hotels. The majority of the respondents were in managerial positions, serving as either general managers or as front-office managers or even as marketing managers.

Moreover, the respondents were asked to state their previous experience within the hotel business and also their experience in the tourism industry. More than 80% of the respondents said that they were in the hotel business for a period between 1 to 5 years, allowing them to get enough experience to manage their daily tasks properly. These results are quite satisfactory for the reliability of the data collected during the survey.

In terms of the sample distribution according to hotel ranking, one could observe that there are similarities between the hotels from the sample and all the hotels in Romania. Most of the hotels included in the survey were two and three-star hotels (more than 70%). Because there weren't any five-star hotels in the region where the research was conducted (except for the city of Cluj-Napoca), there aren't any hotels of this kind in the sample.

Not surprisingly at all due to their geographical location (in major cities from NW of Romania), the customers are represented by business people (94%), conference participants (67%), government and other public institutions employees (55%) and sales representatives (19%). For this question, multiple answers were allowed from the respondents.

The hotels within the sample had been classified into three groups based on their size that was measured by the number of rooms the hotels had. The first category included small hotels that had up to 50 rooms, within the second category hotels that had between 51 and 100 rooms were included, and finally, the last category was the one comprising large hotels that had more than 101 rooms.

Another factual question from the survey referred to the type of management. There were three situations according to this criterion: (1) the hotel was part of a bigger chain, and it was managed according to the rules established at the headquarter level (15.40% of the hotels); (2) the hotel was opened in a franchise system, and it had to obey the rules of the



franchisor (7.70% of the hotels), and (3) the hotel was opened and management independently by the owner or a self-employed manager (76.90% of the hotels).

In order to find out what strategic management practices are in use within the hotels in the sample, twenty-five statements were used; the respondents were asked to state the level of importance for the strategic practices based on a 5 point-Likert scale. The reliability of the scale was tested through Cronbach's alpha coefficient in SPSS (see the results in Table no. 2). Cronbach's alpha is the most-common used measure of internal reliability; it is most commonly used for multiple Likert questions. Nunnally (1978) argues that the reliability of 0.700 or higher is desirable for the instrument to be used. Within our study Cronbach's alpha was 0.850 showing a high level of scale reliability.

Mean scores in descending hierarchy are used as criteria for analysis and developed in descending manner; the results are shown in Table no. 2. These results have been grouped according to the type of strategy they were describing, and afterwards mean scores for strategy have been calculated in order to serve for testing the hypothesis. The mean scores for each of the six strategies that have been identified were created as a *construct* variable.

Constructs are common in social science research as many interesting issues cannot be evaluated directly. The constructs were generated using an approach from the literature bearing in mind the fact that a construct should consist of at least 3 variables and no more than 7 (Remenyi, Onofrei and English, 2011). Further on, every of those six strategies are discussed.

The three strategies that had been defined by Michael Porter (1980) are cost leadership, differentiation and focus. Several scholars argue that cost leadership is a strategy that is not in place within the hotel sector (Bordean, Borza and Glaser-Segura, 2011; Harrison and Enz 2005). However, the results show that the Romanian hotel managers are interested in keeping a tight control over costs ( $M = 3.98$ ,  $SD = 0.87$ ). At the same time, distribution costs in the hotel industry seem to be rather irrelevant for the respondents ( $M = 2.66$ ,  $SD = 1.67$ ). Managers do not bother to find ways for reducing these kinds of costs.

According to Kotler (2002), there are several variables that allow differentiating between products and services offered within the same industry, like for example design, image, employees, quality, brand, etc. The hotel managers are focusing especially on quality of the services provided to different tourists ( $M = 4.40$ ,  $SD = 0.78$ ) and on developing their hotel brand ( $M = 4.21$ ,  $SD = 1.12$ ). This approach could be useful on the long run as tourists can be attracted and transformed into loyal returning customers.

Focus strategy is not that evident within the hotel sector. There are very few hotels that address only a niche of tourists. The results presented earlier showed that hotels from the sample serve a whole range of tourists from business people to government representatives.

According to some scholars (Nowacki and Staniewski, 2012) innovation within small businesses is seen as the main operational strategy for gaining a competitive advantage over large companies. Moreover, others had found out that the survival of companies during a crisis is influenced by the innovative approach undertaken by the company (Šebestová and Nowáková, 2013). All these findings prove that the innovation strategy is crucial for companies no matter the size or the industry. The present results support this view, as managers of hotels are emphasizing different innovative issues by refining the existing

services ( $M = 4.60, DS = 0.65$ ) or by developing brand new products and services ( $M = 4.04, DS = 0.75$ ).

**Table no. 2: Descriptive statistics of strategic practices in use within the hotels**

Strategy	Strategic practices	Mean scores	Std. deviation	Cronbach's alpha
Cost leadership strategy	Vigorous pursuit of cost reduction	4.13	0.82	0.850
	Tight control over costs	3.98	0.87	
	Reduction of distribution costs	2.66	1.67	
Differentiation strategy	Developing brand identification	4.21	1.12	
	Building a positive reputation within the industry	3.41	1.48	
	Providing specialty products/services	3.87	1.25	
	Controlling the quality of products/services	4.40	0.78	
	Providing outstanding customer service	4.35	0.92	
	Utilizing advertising	4.15	0.88	
Focus strategy	Producing products/services for high price markets	2.92	1.43	
	Establishing competitive prices	4.20	1.00	
	Targeting a specific market	3.53	1.29	
Innovation strategy	Innovation in marketing technology and methods	3.69	1.35	
	Refining existing products/services	4.60	0.65	
	Developing a broad range of new products/services	4.04	0.75	
Human resource strategy	Extensive training of marketing personnel	3.26	1.49	
	Intense supervision of front-line personnel	4.29	0.91	
	Extensive training of front-line personnel	4.10	1.00	
	Extensive training of back-line personnel	3.56	1.43	
	Intensive training of marketing personnel	3.64	1.19	
Operational strategy	Forecasting new market growth	3.52	1.35	
	Forecasting existing market growth	3.87	1.17	
	Building high market share	3.80	1.07	
	Improving operational efficiency	4.23	0.72	
	Partnering with suppliers	4.00	0.91	

*Source: The data was processed using SPSS software*

In regard to the human resource strategy, the following findings are worth to be mentioned. The results demonstrate a clear distinction between the way in which the supervision and training of front-line personnel and back-line personnel are performed. The management

focuses more on front-line personnel ( $M = 4.29$ ,  $DS = 0.91$ ) as they are the first people that tourists will meet when they check in at the hotel. At the same time, the results that were obtained for the operational strategy prove that that back-line personnel is also treated very carefully as one of the main goals of the managers was to improve the operational efficiency ( $M = 4.23$ ,  $DS = 0.72$ ).

To verify the hypotheses that were postulated within the research frame the one-way analysis of variance (ANOVA) in SPSS was implied. The ANOVA test is used to determine whether there are any significant differences between the means of three or more independent (unrelated) groups. The ANOVA was used to test for any significant difference between the three groups that were formed for the independent variables (hotel size, category and ranking) and the dependent variables (differentiation strategy, cost leadership strategy, and innovation strategy).

Table no. 3 shows the output of ANOVA analysis and whether there is any statistically significant difference between the group means. One could observe that for each strategy that was analyzed there had been found significant differences in the means group according to hotel determinants like: hotel management and hotel category. The significance level for the differences between the means group of low-cost strategy based on the independent variable "hotel management" is 0.034 ( $p=0.034$ ), which is below 0.05 proving that there is a statistically significant difference in the mean of low-cost strategy to be implemented by those hotels that have a different type of management. Other statistically significant difference had been found between the mean scores of the differentiation strategy in regard to the hotel category ( $p=0.009$ ). The way in which the differentiation strategy is implemented within the hotel sector differs significantly from one-star hotels category and four-star hotel category.

**Table no. 3: Results of ANOVA test**

Dependent variables (strategies)	Independent variables					
	Hotel category		Hotel size		Hotel management	
	F.	Sig.	F.	Sig.	F.	Sig.
Low-cost strategy	2.188	0.099	0.148	0.862	3.585	0.034
Differentiation strategy	4.256	0.009	1.322	0.274	0.734	0.484
Innovation strategy	3.351	0.025	0.847	0.434	0.471	0.627

*Source: The data was processed using SPSS software*

Eventually, another statistically significant difference was found between the mean scores of the innovation strategy and the hotel category ( $p=0.025$ ). This result means that the innovation strategy is going to be implemented in a different manner within the different categories of the hotels.

The results so far, show that there are significant differences between the groups as a whole. The Tukey post-hoc test is the preferred test for conducting post-hoc tests on a one-way ANOVA. So, in order to be able to say which of the specific groups differed it is necessary to run the Tukey post-hoc test in SPSS. For space constraints reasons, only the results of the Tukey post hoc test for the differentiation strategy will be presented (Table no. 4). Post hoc comparisons using the Tukey HSD test indicated that the low-cost strategy was differently implemented by the hotels that were run in franchise ( $M = 4.26$ ,  $SD = 0.43$ )

and those that were operated independently ( $M = 3.46, SD = 0.81$ ). Further on, the differentiation strategy was implemented differently within the groups of one-star hotels ( $M = 3.69, SD = 0.92$ ) and three-star hotels ( $M = 4.55, SD = 0.37$ ) at the 0.009 level of significance and within the groups of two-stars ( $M = 3.99, SD = 0.56$ ) and three-star hotels ( $M = 4.55, SD = 0.37$ ) at the 0.023 level of significance respectively. Innovation is pursued differently between the two-star hotels ( $M = 3.94, SD = 0.55$ ) and the three star hotels ( $M = 4.59, SD = 0.36$ ) at the 0.018 significance level.

**Table no. 4: Tukey post hoc test results for the differentiation strategy**

Dependent variables (strategies)	I Hotel category	J Hotel category	Mean difference (I-J)	Std. error	Sig.
Differentiation	One-star	Two-stars	-0.299	0.230	0.567
		Three-stars	-0.861*	0.263	0.009
		Four-stars	-0.410	0.278	0.459
	Two-stars	One-star	0.299	0.230	0.567
		Three-stars	-0.562*	0.191	0.023
		Four-stars	-0.110	0.246	0.953
	Three-stars	One-star	0.861*	0.263	0.009
		Two stars	0.562*	0.191	0.023
		Four-stars	0.451	0.246	0.269
	Four-stars	One-star	0.410	0.278	0.459
		Two-stars	0.110	0.210	0.953
		Three-stars	-0.451	0.264	0.263*

Note: \* The mean difference is significant at the 0.05 level.

Source: The data was processed using SPSS software

Based on data analysis it was proved that there was a different way for pursuing the low-cost strategy in accordance to the type of management. The hotels in our sample have been classified into three categories according to the type of management. There is a significant difference in terms of how the low-cost strategy is implemented within the hotels which are managed using specific rules, like the rules provided by the franchisors and those hotels that run independently either by the owners either by managers that had been appointed by the owners. The franchise contracts may impose franchisees strict conditions like the source of supply or the type of promotion that could affect the structure of costs. In conclusion, Hypothesis 2 is supported.

The differentiation strategy is pursued differently by the one-star and three stars hotels and the two-stars and three stars hotels. Differentiation refers to issues related to branding, quality or different types of products and services. One would have expected to find significant differences in the means scores of the differentiation between groups of one-star or even two stars hotels and the four-stars hotels. These results proved that Hypothesis 1 and 3 that referred to this type of strategy were not supported.

The findings also show that the innovation strategy is followed in a different manner by the different types of hotels (the groups of two-star hotels and three stars hotels). Within the hotel industry, innovation is characterized by the different ways in which marketing is

performed or by the introduction of new products and services in their offer. The results of the survey show that Hypothesis 4 is supported.

In order to identify the type and strength of correlation that exists between the variables, the Spearman coefficient was implemented in SPSS. The results of the correlation analysis are shown in Table no. 5.

**Table no. 5: Spearman correlation results**

Strategy	N	1.	2.	3.	4.	5.	6.
1. Hotel category Sig. (2-tailed)	65	1	0.169 (0.179)	0.132 (0.296)	0.182 (0.146)	0.266* (0.032)	0.192 (0.125)
2. Hotel size Sig. (2-tailed)	65		1	-0.203 (0.104)	-0.045 (0.721)	-0.148 (0.239)	-0.152 (0.226)
3. Hotel management Sig. (2-tailed)	65			1	-0.256* (0.040)	-0.015 (0.905)	0.043 (0.732)
4. Low-cost Sig. (2-tailed)	65				1	0.250* (0.044)	0.312* (0.011)
5. Differentiation Sig. (2-tailed)	65					1	0.525** (0.000)
6. Innovation Sig. (2-tailed)	65						1

Note: \*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: The data was processed using SPSS software*

According to the results presented in Table no. 5 several statistically significant correlations had been found within the hotels from the sample. Hotel ranking was found to be positively associated with the differentiation strategy ( $r = 0.266$ ,  $p = 0.032$ ), whereas the type of hotel management positively correlates with the low-cost strategy ( $r = 0.256$ ,  $p = 0.040$ ). The results show that there is a negative correlation between the size of the hotel and the three types of strategies that were analyzed; however, no statistically significant correlation between these variables could be proved ( $p > 0.05$ ). At the same time, one could observe a positive association between the low-cost strategy and the differentiation strategy ( $r = 0.250$ ,  $p = 0.044$ ), and also between the low-cost strategy and the innovation strategy ( $r = 0.312$ ,  $p = 0.011$ ) and there had been found a strong positive correlation between the differentiation strategy and the innovation strategy ( $r = 0.525$ ,  $p = 0.000$ ).

## Conclusions

The paper aimed to assess the strategic practices that are used by Romanian hotels managers in order to deal with daily activities. The findings of the survey are useful for theoreticians as only few attempts had addressed these issues in a Romanian context. Concurrently, these findings might be very helpful for hotel managers as they could adapt strategies to become more efficient.

The study focused on several strategic typologies that were reported to characterize companies regardless their activity. The results show that the Romanian hotel managers seem to favor more the differentiation strategy in comparison with the other two generic

strategies. These findings are consistent with similar studies performed on Western hotels that exposed a preference for the differentiation strategy (Harrison and Enz, 2005). The average mean scores for the generic strategies placed the differentiation strategy on top of the ranking ( $M = 4.07$ ), followed by the average mean scores of the low-cost strategy ( $M = 3.59$ ) and focus strategy ( $M = 3.55$ ).

Innovation represents another important strategy in place at the Romanian hotels. Hotel managers are well aware of the fact that pursuing an innovation strategy may lead to a competitive advantage. They are implementing this type of strategy by refining the existing products and services. This shows that within the hotel industry the innovation is done extensively through the existing services rather than developing new ones.

The results of the one-way analysis of variance pointed out that hotels may have different approaches when performing the strategic analysis according to several common characteristics. For example, the low-cost strategy is implemented differently between the hotels that run under a franchise contract and the hotels which are managed by independent entrepreneurs or managers. At the same time, the differentiation strategy is pursued distinctly between one-star hotels and three stars hotels, but also between two-star hotels and three-star hotels. Eventually, the innovation strategy is pursued differently between the groups of two-star and the groups of three-star hotels.

The Spearman correlation analysis brought new evidences about the connections between hotel characteristics and the strategy pursued. According to these results, the three stars and four stars hotels are more likely to follow a differentiation strategy, whereas hotel management was found to correlate negatively with the low-cost strategy.

However, the results of our study should be seen in the light of their limitation. A weakness of the research might be the geographical boundaries as the study focused mainly on hotels from major cities in the North Western part of Romania and also the maximum statistical error accepted for the sample. Because of that, it is quite hard to extrapolate the results to a national basis. Therefore, future research should address this limitation by using a bigger sample to cover the rest of Romanian hotels.

The other limitation relates to determinants of strategies pursued by Romanian hotels. Within the present study, the strategy was treated as a direct result of several hotel characteristics (i.e. size, category and type of management). Hence, one future avenue for research might be an investigation on other relevant aspects for an effective strategy implementation, like the factors from the external environment (i.e. legislation, tourists' preferences, etc.).

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