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STRATEGIC MANAGEMENT OF HOTEL COMPANIES: CASE STUDY OF HOTEL COMPANIES IN VOJVODINA (SERBIA) Abstract Contemporary approaches to the management of the company are focused on achieving long-term success of the company in its complex and changing environment. Company as part of the wider environment, must adapt to the changing environment in order to survive, growing and developing. The task of strategic management is to enable the enterprise in the tourism industry rationally and promptly react to changes in the environment in which it carries out its business and general activity. The

10aim of this paper is to determine the

necessary settings in the hotel companies in Vojvodina in general and in particular, that in accordance with their strategic intentions and objectives to ensure a successful response to expected and very complex market changes in the modern business environment, for the sake of adequate positioning for hotel companies on tourist market. Keywords: hotel companies, strategic management, strategic positioning, Vojvodina(Serbia) JEL Classification: L80, L83 INTRODUCTION Contemporary approaches to the management of a company are focused on achieving long-term goals of companies in a complex and changing environment. A company, as part of the wider environment, is to adapt to the changing environment in order to survive, grow and develop. It is important here to understand that the change is

permanent. It should be clear that the most complex task is to formulate the appropriate planning decisions while operating under constant changes of environment factors. Establishing the replies of enterprises (formulation of planning decisions) to all strategic changes require a strategic approach, i.e., the company has to build up such norms and values that define its desire for a certain type of strategic behavior (Ansoff, 1981). Hotel companies that are facing increasingly changing, turbulent and complex environment accept and practice strategic management. Strategic management is the management of changes (Steiner, Miner, Gray, 1986). It includes a system of corporate values, corporate culture i.e., the whole process of change management – leadership, planning, control and management of human resources. All this involves leadership and a suitable charisma of a number of managers.

**8 Strategic management can also be defined as "the process of directing the activities of a company which, based on the anticipation of opportunities and threats, identify the**

critical factors for business success and, according to previously established vision, determine mission, development goals and directions, methods and tools for their optimum implementation in a dynamic business environment" (Todorović, Đuričin at al., 2000). The task of strategic management is to enable an enterprise in the tourist industry to react rationally and promptly to changes in the environment in which it performs its business and general activity. THE PROCESS OF STRATEGIC MANAGEMENT The strategic

**18 management sets the objectives of an**

organization, develops methods and plans for achieving those goals, along with the allocation of resources to implement the plans. The highest level is the one of management activity and it presents the line of direction to the entire organization. The company's strategy must be appropriate to the resources, business conditions and corporate goals (Pavlović, 2006).

**4 Strategic management is seen as a continuous interactive process**

because it consists of several phases (Čerović, 2009, pp 118):

**1. analysis of the environment, 2. focus of the organization (mission and goals), 3. formulation of the strategy, 4. implementation of the strategy, 5. strategic control.** This process

could be illustrated as in Figure 1 (Certo, Peter, 1991).

**14 | Step 1: | Step 2: | Step 3: | Step 4: | Step 5: | Environment**

| Focus of | Formulation | Implementation | Strategic | analysis | a | of | of strategy | control | internal |

[organizat| |strategy | | | | |external | |ion | | | | | | | | |mission | | | | | | | | |goals | | | | | | | | | Figure 1. The main steps in the process of strategic management Hotel companies that want to survive and succeed in the tourist market must be familiar with new trends in tourism and hospitality, and include them in their strategies, because yesterday's needs and demands of tourists are out of date. The rapid changes and tracking trends make it necessary to question and alter strategies and plans in order to maintain compliance with the requirements of the market (Ćurčić, 2010). Thus, the way of allocating resources and the organization of work has been changed. A brief overview of the process of strategic management in hotel companies in Vojvodina is given in the following paragraphs.

**THE PROCESS OF STRATEGIC MANAGEMENT IN HOTEL COMPANIES IN VOJVODINA**

**Environment analysis** A tourist enterprise considers its situation and competitive position and formulates the strategy depending on the events planned. The main problem that arises is how to choose the appropriate strategic alternative i.e., what are the relevant information and forecasts on the basis of which the strategy would be chosen. SWOT analysis could be used for that as a result of internal and external analysis of the environment, consideration of internal or external orientation to growth in an effort to minimize weaknesses and maximize their strengths. It is a good analytical basis for the selection of strategies for hotel companies and the initial step in the process of strategic management, and it was prepared for the hotel companies of Vojvodina (Table 1). SWOT analysis was done by the authors on the bases of the field research and interviews with the general managers of hotels in Vojvodina (13 hotels). In the theory and practice of organizational management, the SWOT analysis presents the technique that is often practiced and is used in situational analysis (Jonhson, Scholes, 1988). Certainly, it is advisable that a SWOT analysis is performed by managers who are familiar with the organization. In addition, it is recommended to cooperate with consulting companies that have specialized knowledge, skills, and an independent view to the very complex environment in which the organization or its parts perform their businesses and wider missions. Therefore, if changes take place rapidly, in order for those changes to become opportunities for the development of enterprises in the tourist industry, a SWOT analysis should be a continuous managerial activity of researching and monitoring.

**Table 1. SWOT analyses of hotel companies in Vojvodina**

Strengths	Weaknesses	Opportunities	Threats
- good production capacities  - raising the quality of services  - competitive ability  - lack of managerial competence  - target segments  - advantage in price  - ability to innovate products  - effective staff  - inadequate / old infrastructure,	- vague strategic directions  - lack of vision  - outdated equipment in some  - lack of skilled staff  - lack of key skills, abilities  - insufficient flexibility of the  - lack of parking lots at most  - rooms and other facilities  - friendly staff  - poor marketing skills  - inability to finance the  - necessary changes in strategy  - lack of coordination with other  - carriers of tourist offer	- creation of new markets or  - opening of new air corridors  - the sales tax of 20% to be paid  - diversification of products,  - stabilization and control of  - tourism policy measures in the  - country (abolition of benefits)  - Serbia  - introduction of international  - hotel standards in the renovation  - or construction, as well as  - management and business  - relatively poor image of Serbia  - in Europe and worldwide  - incentives for local  - changes in needs and tastes of  - entrepreneurs and foreign investors  - consumers (selective demand)  - removal of administrative  - increased competition among the  - restrictions / impediments to  - cities of Southeast Europe in the  - investment  - development of tourism and economy  - (e.g., property ownership,  - (e.g., Bucharest, Budapest, Sofia  - development processes, etc...)	- change of motives for traveling  - the global economic crisis  - segments  - on the average price of rooms and  - the cost of transport  - overestimated value of the  - i.e., services  - domestic currency  - political and legal issues of  - hotel standards in the renovation  - or construction, as well as  - management and business  - relatively poor image of Serbia  - in Europe and worldwide  - incentives for local  - changes in needs and tastes of  - entrepreneurs and foreign investors  - consumers (selective demand)  - removal of administrative  - increased competition among the  - restrictions / impediments to  - cities of Southeast Europe in the  - investment  - development of tourism and economy  - (e.g., property ownership,  - (e.g., Bucharest, Budapest, Sofia  - development processes, etc...)

Directing the organization (vision, mission and goals) The strategists of the organization, the people who make up the general management

i.e., owners, board of directors, general managers, top corporate managers and SBU(strategic business unit) line managers, including professional planners, are responsible for the creation and continuation of strategic vision and mission. The assumption of a successful strategic management of the organization is its well-designed vision and mission. Strategists study strengths and weaknesses of an organization and compare them with the opportunities and threats (SWOT analysis), with the aim to appropriately choose the vision, mission, goals, policies and strategies. The main strategic values at the end of the 20th and at the very beginning of the 21st century are: innovation, quality, speed, flexibility and permanent improvement that requires from the strategic management aggressive, fast and flexible response to the faster and faster changes (Mašić, 2009). In the context of management, a vision assumes a picture of a perfect future for a company or

**2a clear assumption of future events, the long-term desired result within which employees are free to identify and solve problems that stand in the way of**

its achievement. The

**2mission or purpose** marks the **basic function or task by which** the company **differs** itself **from** others. **Mission** determines the goals **in space and time. A well defined mission is the foundation for carrying out the** objectives **and plans** according to **the hierarchy** (Cerović, 2003). **The mission**

must define in details what target groups and markets are in question, what are the main products and services of the company that the geographical area covers, the key technologies used, as well as the future growth. The mission does not reflect the change until the vision reflects a change in the near or distant future (Pavlović 2006). Based on the field research, it could be concluded that the management of the most of hotel companies does not have a clearly defined vision (where they see themselves in the next 5 to 10 years). With dynamic and turbulent changes that occur, hotel companies are trying to "survive" the current situation on the market. As for the mission of hotel enterprises in Vojvodina, it varies from company to company as mentioned above, but a generalized mission statement of hotel companies in Vojvodina would read: "To provide a quality hotel and catering services to tourists and other service users". This mission statement defines the next activity of management and that is to determine the objectives of the company. Each company should have one or more objectives to fulfill. Some authors emphasize the importance of goals arguing that the organization is a means to reach the objective. Goals affect directly or indirectly all aspects of business. Therefore, the manager's task is to constantly correct the activity of the company and direct it toward achieving the goals (Milisavljević, 1997). A company engaged in any activity, including catering, must have two main objectives that are part of other objectives, and they are: to make profit for funding (investment, research and development), and the ability to settle its own obligations (liquidity). Failure to meet these two objectives jeopardizes the survival of a company, and the defining of other goals is superfluous and unnecessary. On the basis of an independent research, hotel companies in Vojvodina are focused on achieving several priority targets that will enable further growth and development of tourism. It is a combination of the following objectives: - increase market share and capacity utilization - increase profits based on increased tourist spending, - development of new tourist markets, - revival of declining tourist product through innovation and investment, - expansion of the existing facilities through investments, - expansion of the target segment, - entering of some hotel

companies into hotel chains (Vukosav, 2010, pp. 249). Formulation and Implementation of Strategy Strategy is the decision that directs the company's operations and is critical for the company. The adoption of the strategy is a rational and formalized planning process for defining and attaining goals (Čerović, 2009). Strategic decisions are made within highly uncertainty conditions i.e., when there is lack of knowledge in terms of all relevant facts and relations. Strategies could be formed by the following methods: planning, entrepreneurship, ideology, umbrella method, using processes method, discrete method, consensus and the method of imposition (Asch, 1995). It is evident that the quality is increasingly common in Vojvodina hotel industry because it was observed that it is one of the important factors for its success and development. Also,

**3**one of the most important elements to ensure **quality in the** hotels in Vojvodina **is the** recognition **of the needs and desires of guests.**

On the basis of the research conducted by the authors in the field, it could be concluded that in general most of the hotel companies in Vojvodina and their management do not have a clear picture and vision of the road that their company should take, very often they are without the strategic opting and the majority of them try to survive in the conditions of the current turbulent changes without taking any important actions to alleviate the changes. It could also be concluded that mainly the hotels of upscale/luxury categories (first and second) and certain hotels of the third category are doing their job highly professionally and improve their current business activities i.e., they have clearly stated business goals they want to achieve in the future and ways to implement these goals. These hotel companies apply strategy of growth and development strategy, mainly market penetration strategy, product development and market development. The problems hotel are facing at the moment is a drastic drop in arrivals for about 40% -50%

**10**as a result of the global **economic crisis.** What is

currently emerging as the question is: How to alleviate the consequences of the newly emerged situation? In accordance with that, it is necessary to apply the strategy of narrowing, i.e., minimizing the costs at all levels in order to mitigate the effects of the fall in economic activity in the country. Although Vojvodina hotel structure is dominated by three star hotels (23 hotels) and two stars hotels (22 hotels) it is evident that year after year there is an increase in the number of upscale/luxury hotels (4 and 5 stars)(Table 2). Therefore, the key element in the development strategy of a hotel is quality of a hotel product that is based on hotel standards. Standards and quality are the key to the success of any hotel, and a survey of hotel standards is a continuing need and benefit. Hotels with the highest stars have the highest standards and offer the highest quality products and services, the widest range with the highest prices. The presence of certain hotel chains in the territory of Vojvodina (Best Western) significantly contributes in raising the current tourist offer to the next level, with the aim of satisfying the needs and demands of tourists. This is particularly important for foreign tourists, because they require a very high standard of hotel products, and they should be aligned with the trends in the international tourist market

(Curaković, Šikora at al., 2013, pp. 6- 11). Table 2. Structure of hotels in Vojvodina by category and number of beds

Category	Number of hotels	Number of beds	1999	2007	2012	1999	2007	2012
First	3	6	598	863	category		(*****)	
Second	2	7	17	249	510	1636	category	
Third	17	20	23	2626	2019	1890	category	
Fourth	11	category		(***)		category		(***)



Attitude toward the control system is very important. Focus of the strategic control is on the external and internal environment. The role of the top management in Vojvodina hotel companies is to adapt the internal operations to the external environment, to "listen" to the market, to innovate their products and modify them in accordance with the trends, mostly through investments and intensive connections with other participants who create the product of tourist destination. CONCLUSION

**1 Processes and the complexity of the tourist market present the demand to contemporary hotel**

managers to work continuously on the application of the concept of strategic management to identify new strategies, innovate and create new tourist products, adapt the

**1 strategies to new tendencies, in order to fully respond to the new demands of tourists, hold and improve the market position and successfully respond to competitive pressures and challenges.**

The hotel companies in Vojvodina do not use the significant tourist potentials adequately, as an important competitive advantage, so that Vojvodina could become a significant tourist destination in this part of Europe. Hotel companies should recognize the current trends, predict their development, enable availability of all information, develop communication among the interested entities and improve all elements of strategic management. A good start was made in improving the quality of tourism, using the strategy of product differentiation, as well as certain growth strategies. However, a lot should be done so that the hotel companies significantly improve the tourist traffic and tourist spending, to achieve their goals, as well as their own mission on the market. REFERENCES 1. Ansoff, I.,(1981) Strategic Management, The Mac Milan Press Ltd. London. 2. Asch,B., (1995) Strategic Management, Mc. Millan, London .

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