

국제 관광호텔 총지배인들의 경영환경인지와 전략경영 과정에 대한 한일국가간의 교차연구

International Tourism Hotel General Managers' Perceived
Environmental Uncertainty and Their Strategic Management
Processes : A Cross-Country Study of Korea and Japan

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ABSTRACT

This study analyzed the relationships among perceptions of uncertainty, environmental characteristics and strategy maker's actual decision such as resource allocation in different organizational subunits by focusing on the hotel general managers in two different countries, Korea and Japan. The results show that managerial perceptions of the environment would vary across organizations within an industry but it was surprising to find that managerial perceptions did not vary more substantially across countries. General managers in both countries perceived government regulator's actions to be the most uncertain environmental factor. Hotels in Japan were more geared toward external effectiveness than were hotels in Korea. The findings of this study also suggest that when the organization faces high environmental uncertainty, it places greater emphasis on externally oriented functions such as market research and product development. Key words: Business environment, Hotel, General Manager, Strategic Management.

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INTRODUCTION

International tourism hotel operators today face an increasingly dynamic, complex, and volatile operating environment. A key premise in the normative literature is that an appropriate business strategy will favorably align an organization with its environment (Hofer & Schendel, 1978; Poter, 1980). The effect of environmental conditions and characteristics on the perceptions of strategy makers and the strategy making process is of growing interest to researchers (Bourgeois, 1978; Khandwalla, 1976; Lindsay & Rue, 1980; Paine & Anderson, 1977). The growing importance of strategic planning recognizes the need for organizations to establish formal links between external elements of the organization and internal decision-making or resource-allocation functions. Strategic planners are gatekeepers for information originating in the environment, and they filter or select information to be passed onto the organization. Because information may have strategic value, be relevant to short-term tactical managerial decisions, or concern technical developments that may affect an organization's technical core, the strategic planner's role becomes an important one.

Because the role of strategic planners requires that they effectively assess their organizations' external environment, it is essential that some understanding be developed about the nature of organization environment. A number of studies have attempted to identify or confirm the elements comprising external environment (Duncan, 1971, 1972; Lawrence & Lorsch, 1967). These studies have focused on that part of the environment, referred to as task environment (Osborn, 1971) that is most relevant to goal setting and goal attainment. Other studies have used uncertainty to specify the environment's effects on the organization's strategy making process (Downey & Slocum, 1975; Duncan, 1972) and on the perceptions of strategy makers themselves (Bourgeois, 1978; Khandwalla, 1976; Lindsay & Rue, 1980; Paine & Anderson, 1977).

Questions remain as to the relationships among perceptions of uncertainty, environmental characteristics and strategy maker's actual decision such as resource allocation in different organizational subunits. The primary purpose of the present study is to identify the relationships by focusing on the hotel general managers in different countries. This study examines hotel

general GMs' strategy formulation processes in Korea and Japan and their perceived environmental uncertainty . The specific objectives of this study are summarized next: 1) Finding the pattern of GMs' perceptions of a firm's internal strengths and weaknesses and its external opportunities and threats. 2) Finding the relationships between the level of GMs' environmental uncertainty, environmental characteristics and actual resource allocation process.

RESEARCH DESIGN

Conceptual Framework:

The organization was viewed as engaged in dynamic interaction with its environment, with the strategic choices of the dominant coalition substantially influencing the form of this relationship (Child, 1972). Following Miles, Snow, and Pfeffer (1974), the organization was expected to respond to its environment in a relatively consistent manner over time. Depending on the organization's response pattern, GMs' perceptions of critical environmental contingencies were expected to vary, and those organizational subunits charged with reducing crucial uncertainties were expected to be the most powerful (Hinings et al., 1974). That is, in line with GMs' perceptions of the locus and extent of environmental uncertainty, certain organizational functions would be regarded as having greater strategic importance than others. Subunits charged with carrying out these strategic functions would thus be expected to be relatively powerful.

To the extent that an organizational subunit is powerful, it should be able to command resources in proportion to its power (Pfeffer and Salancik, 1974). Thus, it was expected that a highly valued managerial resource, larger budgetary allocations, and other indicators of the ability to obtain resources would be associated with powerful subunits. Finally, the process by which organizations scan or search their environments for both threats and opportunities should reflect their GMs' views concerning uncertainty, strategic functions, subunit power, and resource allocation. That is, to preserve the general alignment of the organization with its environment, the dominant coalition is apt to develop a consistent approach to searching the

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environment for potential threats and opportunities (Cyert and March 1963). The conceptual framework used in this study can be diagrammed as follows:

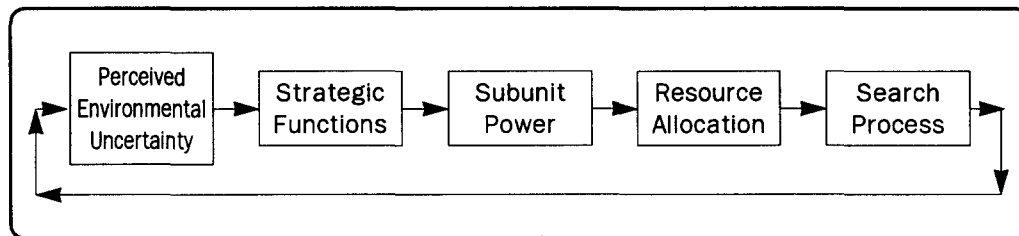


Figure 1. Conceptual Framework of the Study

Measurement:

In this study, perceived environmental uncertainty was measured using questionnaire items that corresponded to seven major sectors of the industrial organization's environment: (1) relations with suppliers, (2) competitors' actions, (3) customers' demand, (4) relations with financial/capital markets (5) relations with governmental regulatory agencies, (6) relations with the labor market, and (7) Technological developments. These environmental dimensions were suggested by previous theory and research by Katz and Kahn (1966), and Lawrence and Lorsch (1967).

The concept of strategic function refers to those functional areas within the organization considered by members of the dominant coalition to be of strategic importance to successful competition in their industry. Six functional areas of management were ranked by general managers in order of their importance for competing effectively within the industry: finance, human resources, operations, administration marketing, and research and development.

Subunit power results from the ability to cope with crucial environmental uncertainties or contingencies. In this study, each general manager ranked his or her subunits according to their influence on policy-level decision making. In addition, other measures that may reflect power were examined: 1) the president's concept of the appropriate functional background of a new GM if one were to be appointed and 2) subunit representation on the long-range planning committee.

The organization's resource allocations are expected to be consistent with perceptions of both

environmental uncertainty and subunit power. For each organization, resource allocation was measured by asking 1) which subunit would get a requested 10 percent increase in its operating budget if only one such requested could be granted, 2) where new capital funds would be invested if they became available.

Finally, the organization's search processes refer to the areas in which the organization searches for new opportunities and for solutions to its adaptive problems. The general managers were asked to describe for the previous 5-year period the areas in which the organization had directed most of its attention. These areas were divided into two categories, external (such as new service products and markets) and internal (operations). The general managers were also asked to indicate whether they would prefer information about the external environment or about internal operations if they were able to receive a 25 percent increase in useful information coming directly to them.

Sample and Data Collection

This study deals with two countries, Korea and Japan. Five star hotels (the highest level of government rating) and four-star hotels (the second level of government rating) in each country are included. Data were collected mainly by means of a questionnaire and telephone interviews. A questionnaire was mailed to the GMs in each country. Because of language differences, it is necessary to translate the survey questionnaires to three different languages Korean, Japanese, and English. For better responses for the survey, the researcher provided translated supplemental information for the questionnaires. The researcher contacted the GMs in those countries by faxing and calling to facilitate a fast and proper response.

Approximately 110 hotels in the two countries were contacted initially, and 43 of these agreed to

participate in the study. Data were obtained from 25 hotels in Korea and 18 hotels in Japan. The size of the hotels in Japan, in terms of number of rooms, ranged from 100 to 750, while the size of the Hotels in Korea varied from 100 to 700. In terms of property type, 75 percent of the Korean hotel sample was independently owned and 83 percent of the Japanese hotel sample was independently owned.

FINDINGS

Variations in Perceived Environmental Uncertainty

The results of the environmental uncertainty questionnaire, presented in Table 1, generally support the view that managerial perceptions vary from organization to organization within an industry. In the Korean hotel industry, top executives perceived government regulatory agencies' actions to be the most uncertain portions of their organizations' environments, followed by the financial/capital market, actions of labor unions, raw materials and component suppliers, technologies development, customers action, and competitors' actions. There was frequently considerable variation in GMs' perceptions of environmental conditions (particularly with respect to the labor union actions, as illustrated by the sizeable standard deviations for those items).

In the Japanese hotel industry, a somewhat different pattern of managerial perceptions emerged. Here, as in the case of Korea, top executives perceived government regularity agencies actions to be the most uncertain environmental factor, followed by the actions of labor unions, raw materials and component suppliers, the financial/capital market, technologies development, customers' actions, and competitors' actions. Japanese GMs' perceptions, unlike Korean GMs', varied significantly in the financial/capital market as illustrated by the sizable standard deviations for those items. In sum, therefore, these results corroborated the expectation that managerial perceptions of the environment would vary across organizations within an industry. However, it was surprising to find that managerial perceptions did not vary more substantially across countries in the expected manner. If we examine the aggregate means for all the items on the environmental uncertainty questionnaire (Table 1), it is clear that there was almost no difference between the perceptions of Korean and Japanese GMs (3.42 versus 3.31). Inspection of the overall means for each of the seven major environmental factors also revealed no substantial differences. Thus, it seems clear that these perceptual data do not support the widely held belief that substantial differences exist between environmental conditions in Korea and Japan.

Table 1. Managerial Perceptions of Environmental Uncertainty (by country)

Questionnaire Item	Korea			Japan		
	Mean	Standard Deviation	N	Mean	Standard Deviation	N
1. Raw materials and components suppliers:						
a. Price changes	3.16	1.28	25	2.66	.48	18
b. Quality changes	3.36	1.18	25	3.27	.95	18
c. Design changes	3.28	1.1	25	3.61	.97	18
d. Introduction of new materials	3.4	1.25	25	3.44	1.04	18
Overall mean	3.3	1.20	25	3.25	.86	18
2. Competitor' actions:						
a. Price changes	2.72	0.61	25	2.38	.50	18
b. Product quality changes	3.16	0.74	25	2.83	.50	18
c. Product design changes	3.08	0.70	25	3.0	.76	18
Overall mean	2.99	0.68	25	2.74	.59	18
3. Customers:						
a. Demand for existing products	2.92	1.28	25	2.94	.72	18
b. Demand for new products	3.44	1.08	25	3.16	.61	18
Overall mean	3.18	1.18	25	3.05	.67	18
4. Financial/capital market:						
a. Interest rate changes						
1. Short-term debt	3.64	1.22	25	3.16	1.54	18
2. Long-term debt	3.8	1.22	25	3.55	1.07	18
b. Changes in financial instruments available						
1. Short-term debt	3.96	1.05	25	2.74	1.51	18
2. Long-term debt	4.0	1.11	25	3.27	1.22	18
c. Availability of credit						
1. Short-term debt	3.64	1.46	25	3.22	1.51	18
2. Long-term debt	3.80	1.22	25	3.55	1.42	18
Overall mean	3.81	1.21	25	3.25	1.38	18
5. Government regulatory agencies:						
a. Changes in laws or policies on pricing	4.04	1.45	25	4.38	.84	18
b. Changes in laws or policies on product standards or quality	3.88	1.42	25	4.5	.98	18
c. Changes in laws or policies regarding financial practices	4.08	1.46	25	4.38	.60	18
d. Changes in labor (personnel) laws or policies	3.92	1.38	25	4.33	.90	18
e. Changes in laws or policies affecting marketing and distribution methods	3.6	1.11	25	4.61	1.19	18
f. Changes in laws or policies on acceptable accounting procedures	4.08	1.49	25	4.33	.97	18
g. Changes in law or policies regarding provision of your service	3.68	1.18	25	4.22	.80	18
Overall mean	3.90	1.36	25	4.39	.90	18
6. Actions of labor unions:						
a. Changes in wages, hours, and working conditions	3.36	1.70	25	3.83	1.15	18
b. Changes in union security	4.32	1.40	25	3.33	1.32	18
c. Changes in grievance procedures	3.0	1.41	25	2.72	.82	18
Overall mean	3.56	1.50	25	3.29	1.10	18
7. Technologies Development:						
a. Changes in computers and communication technologies	3.24	1.45	25	3.88	1.52	18
b. Changes in expert systems/decision support systems	3.44	1.12	25	3.38	.69	18
c. Changes in reservation systems	2.96	1.39	25	2.44	.51	18
d. Changes in training and development systems	3.16	1.34	25	3.05	.80	18
Overall mean	3.2	1.33	25	3.19	.88	18
Aggregate mean for all items	3.42	1.21	25	3.3	.91	18

Perceived Uncertainty and Organizational Adaptability

The data on hotel organizations in each country were analyzed so that the degree of organizational adaptive ness could be ascertained. The organization's critical or strategic functions were divided into those, which were oriented externally toward the environment or internally toward existing operations (e.g., marketing versus production). Similarly, organizational subunits were divided into those which were adaptive (concerned with external effectiveness) and those, which were stable (concerned with internal efficiency). The proportion of strategic functions that were considered to be externally oriented and the proportion of adaptive subunits and resources allocated to them are shown in Table 2.

These results clearly show that hotels in Japan were more oriented toward external

Table 2. Strategic Function, Subunit Power, Resource Allocation, and Search Process : Proportion of Organizations Exhibiting High Adaptability (by country)

Organizational variables	Korea	Japan
Strategic function	37%	44.45%
Subunit power:		
Organization influencing policy level decision making	25%	61.1%
Involvement in long-range planning	52.2%	50%
Functional background of a new Assistant GM	41.7%	72.3%
Overall subunit power (mean percentage)	39.63%	61.35%
Resource allocation:		
Salaries of key managers	15.72%	3.75%
Investment of capital funds	40%	50%
Increase in operating budget	52%	27.8%
Overall resource allocation (mean percentage)	35.90%	27.18%
Search process:		
Areas of new business (last 5 years)	41.7%	25%
New information priority (internal or external)	72.7%	100%
Overall search process (mean percentage)	57.2%	62.5%
Aggregate percentages	42.43%	48.87%
Sample size	25%	18%

effectiveness than were hotels in Korea. That is, Japanese GMs were much more likely to emphasize externally oriented strategic functions (45 percent versus 37 percent), have more powerful adaptive subunits (61 percent versus 39 percent), and employ a more externally oriented search process (49 percent versus 43 percent). (The data suggest, however, that with respect to resource allocation, the differences between two countries were less substantial.) Thus, in this sample of organizations at least, hotels in Japan were more adaptive than hotels in Korea. Perhaps, but as has been noted above, top executives in Japan reported that they perceived approximately the same amount of environmental uncertainty as did Korean executives. In other words, Japanese GMs were more adaptive than Korean GMs under the same amount of environmental uncertainty.

Relationships between PEU and Dominant coalition

This study predicted that the GM's perceptions of uncertainty in his or her organization's environment would be related to characteristics of the dominant coalition-strategic function, subunit power, resource allocation, and search process, with greater emphasis on adaptability under perceptions of high environmental uncertainty (PEU), and on stability under low PEU. The pertinent findings are shown in Table 3.

There was substantial variation across the two countries in terms of the relationships between GMs' perceptions of uncertainty and the strategic functions, subunit power, resource allocation, and search process ($C = .05$ for Korea and $.166$ for Japan). That is, Japanese hotel companies' strategic functions, subunit power, resource allocation, and search process move more tightly along with their degree of environmental uncertainty than Korean hotel companies do. There was no substantially strong relationship between GMs' perceptions of uncertainty and the functions regarded as critical to competitive success for both countries ($C = .02$ and $-.02$).

In Korea, externally oriented subunit power and resource allocation were made (remarkable compare to search process) under a high perception of environmental uncertainty. It was surprising to find that they searched internally oriented new managers and information under the high-perceived environmental uncertainty. One thing remarkable is that they allocated

Table 2. Strategic Function, Subunit Power, Resource Allocation, and Search Process : Proportion of Organizations Exhibiting High Adaptability (by country)

Organizational variables	Korea	Japan
Strategic function	.02	-.03
Subunit power:		
Organization influencing policy level decision making	.128	.602
Involvement background of a new Assistant GM	.279	-.072
Functional background of a new Assistant GM	.11	.198
Overall subunit power	.172	.242
Resource allocation:		
Investment of capital funds	-.043	-.053
Increase in operating budget	.441	.609
Overall resource allocation	.199	.278
Search process:		
Areas of new business (last 5 years)	-.308	.292
New information priority (internal or external)	-.036	.059
Overall search process	-.17	.175
Overall degree of association (mean)	.05	.166
Sample size	25	18

resources (operating budget) to the external oriented function, as they perceived the environment to be highly uncertain. On the other hand, in Japan, subunit power, resource allocation, and search process were implemented toward the same direction to the level of environmental uncertainty. Especially, under the high level of uncertainty, the marketing and sales departments were involved significantly in policy level decision making and the subunit power attracted additional resources (operating budget). Thus, it appears that there are links between perceived environmental uncertainty and the other variables examined in this study—strategic function, subunit power, resource allocation, and search process.

CONCLUSIONS

This study brought our understanding of how the impact of environmental change and uncertainty on organizational structure and process is mediated by the perceptions, decisions, and actions of the dominant coalition. The results show that managerial perceptions of the environment vary across organizations within an industry but, it was surprising to find that managerial perceptions did not vary more substantially across countries. General managers in both countries perceived government regulators' actions to be the most uncertain environmental factor. Hotels in Japan were geared more toward external effectiveness than were hotels in Korea. The findings of this study also suggest that when the organization faces high environmental uncertainty, it places greater emphasis on externally oriented functions such as market research and product development.

When the dominant coalition emphasizes external strategic functions, adaptive organizational subunits (such as marketing) tend to wield more power within the dominant coalition. These subunits are able to attract a larger share of the organization's monetary and human resources, and thus these subunits are able to encourage search processes designed to detect external opportunities and threats.

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