

## STRATEGIC CHOICES OF FAMILY HOTEL ENTERPRISES AS A PART OF THE DEVELOPMENT STRATEGY

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**Abstract:** The subject of discussion in this article is an attempt to present strategic choices made by family hotel companies. The basic choices regarding strategic behaviours from the perspective of organisation and management of the analysed enterprises on the Polish market have been highlighted. The key elements in this respect include: forms of management functioning, methods and techniques of interaction with the environment and behaviour in crisis situations. It should be recognised that the characteristic type of strategic choices is: organisational and legal form and the principles of shaping the structure inside and outside of family enterprises. Thus, strategic choices basically have the form of decisions and defining strategic goals and development strategies. Implementation of intended goals or unintended tasks runs through a development strategy indicating the directions and methods of market growth. Nevertheless, strategic options should be modified by enterprises due to the complexity, uncertainty of the environment and the dynamism of strategic variables. The aim of this article is to analyse the circumstances and conditions of activities aimed at formulating strategic options affecting the type of strategic choices (decisions) regarding the manner, direction, scope and nature of family hotel enterprise development. Because of their recognition, research was conducted on a representative sample of 189 family enterprises from the one-, two- and three-star segments, in which respondents were representatives of families running hotel facilities. In relation to the above, a survey was conducted using the Computer Assisted Personal Interview (CAPI) technique from December 2018 to January 2019.

**Keywords:** strategic choices, strategic decisions, development strategy, hotel industry.

### Introduction

The contemporary pace of change and challenges arising from the development and functioning of enterprises result in the necessity to comply with new economic, social and cultural conditions. For this reason, the circumstances in which entities operate may be considered from the perspective of multidimensional structures. In the case of family hotel enterprises, it is important to distinguish the determinants that affect the external and internal

conditions of their operation. In turn, external conditions play a significant role during modelling of development strategies. This kind of situation is a consequence of the proceedings carried out in the process of shaping the strategy. The external conditions of the entities' functioning create an environment in which they operate by means of planning and coordinating service processes.

Family hotel enterprises under pressure of elimination from the market should constantly modify their development strategies through immediate reaction to changes taking place. The rapid pace of the globalisation process obliges managers to make decisions and strategic choices aimed at achieving a competitive advantage in increasingly related markets. A modern concept used to determine the main purpose of the family hotel business (FHB) is to maximise the value of managers. Aspiration for implementation of these tasks results from the application of appropriate methods of enterprise management, which contain appropriate tools and decision-making procedures, and strategic choices aimed at long-term development, as well as growth of the company's value. The development that is carried out for the benefit of owners and successors is considered a key element of the functioning of contemporary family hotel enterprises. The hotel development strategy should be implemented in line with the changes taking place in the company, as well as the skilful process of making appropriate decisions related to the right strategic choices and the use of specific market opportunities.

Decisions made by the owners have a significant impact on the functioning of modern enterprises. Their significance depends to a large extent on information regarding the internal functioning of the hotel and observation of the external environment. The decision-making process contributes to the selection of a specific possibility, which is the basis for the success or failure of a hotel enterprise operating in a turbulent market environment. Therefore, strategic decisions determine the existence or withdrawal of modern entities from the market.

Obtaining an advantage is usually conditioned by the introduction of new products and implementation of innovative technologies. Market success guarantees profitability. In turn, high profits enable one to accumulate capital that ensures the hotel's development. The response of FHB owners to changes taking place in the environment is a permanent search for new solutions, and independent proceedings should be focused on product development and innovation in the field of new technologies and organisational and management methods. Thus, it should be stated that the owners and successors are constantly making strategic choices.

As a part of strategic management, the above-mentioned determinants of development refer to the model of strategic options and choices, as well as their implementation. Nevertheless, not every decision determines a company's success. Especially in modern market conditions, it is easy to make the wrong choice, the consequences of which can be irreversible. Therefore, the correctness of strategic choices plays a key role. Their significance is important from the perspective of a proper definition of strategy as a concept of selecting actions key to development and resigning from tasks of lesser importance in the future (Kaleta, 2011, p. 28).

Relatively little attention is devoted to the subject literature to the issues of strategic choices. An analysis of publications relating to the aforementioned problems proves the existence of few studies that characterise this type of subject in detail in enterprises. In accordance with the above, it seems rational to indicate this important fragmentation of research and the resulting knowledge (Urbanowska-Sojkin, 2017, p. 160).

For the above-mentioned reasons, the aim of this article is to indicate the circumstances and directions of activities aimed at formulating strategic options (decisions) affecting the type of strategic choices made in the development of FHB. Therefore, a survey was conducted utilising a survey method using a computer-assisted telephone interview technique with a self-developed questionnaire. The survey was carried out from December 2018 to February 2019 among 189 owners or successors of family hotel companies operating in the one-, two- or three-star standard. In order to verify the assumptions occurring between the analysed features, statistical inference elements were used with the non-parametric Pearson chi-square independence test.

### **Specificity of functioning of family hotel enterprises**

Development of the modern tourism economy is determined to a large extent by the dynamisation of the hotel services sector. In the 21st century, the hotel industry is considered an important component of the world economy and the most important link in the tourism economy. It provides tourists with accommodation, meals, complementary services and guarantees participation in tourism. It generates high revenues from servicing tourist traffic, and therefore it is an important business sector from the perspective of the international market (Sala, and Górna, 2012, p. 127).

In economic terms, the hotel industry is a characteristic type of economic activity carried out in hotel-type facilities (e.g. hotels, motels, boarding houses and other collective accommodation) that provide basic accommodation, catering and various additional services (e.g. leisure). Entities offering such services are treated as typical service providers and, like other organisations, constitute the subject of a complex market game resulting from the struggle for the purchase of tourist and accommodation services (Harris, 1995, p. 12). In the subject literature, hotel enterprises are defined as a system composed of resources (human, capital, information, material), as well as processes occurring in these resources, created for business activities consisting in the provision of hotel services (Lichtarski, 2003, p. 27).

A characteristic feature of the hotel industry is the approval and dynamisation of various forms of facility operation. The contemporary hotel services market consists of international hotel groups and independent hotels with similar proportions of a ratio of 4:6. In turn, the relation between the number of small hotels and global corporations corresponds to the a ratio of 1:19. As a result, various types of entities can operate on the market, from large and

small hotels, through luxury and economic facilities belonging to global concerns, ending with independent hotels usually managed by families (Sztorc, 2014, p. 147). Nonetheless, small hotels and guest rooms constitute an essential component of the hotel sector. There are classified entities that have fewer than 25 rooms, but most of these provide a smaller number. Small hotels are distinguished by simple, uncomplicated organisation. They are managed by the enterprise owner and members of his family. Running a business mainly involves enthusiasm rather than professional knowledge (Sala, 2008, pp. 74-75). The issue of family enterprises and the specificity of their operation are the subjects of a series of studies that cover a large part of different areas of research. They indicate significant differences between family entities and other types of organisations operating on the market (Sharma, P., and Sharma, S., 2011, p. 312).

In the subject literature, it is difficult to indicate one, generally accepted and recognised definition of a family enterprise. Obstacles in disambiguation result mainly from two reasons (Safin, 2007, pp. 17-38), (Sułkowski, and Marjański, 2009, pp. 13-16):

- the family enterprise has a very diverse nature; there are no established criteria for distinguishing these, and therefore entities of various legal, proprietary, size and management methods are included in this type of entities,
- formulation of a family enterprise merges two terms that differ in purpose, social perception, history and pedigree (i.e. family and enterprise).

Thus, it should be stated that the terms of family enterprise appearing in literature refer mainly to its essence considered from the perspective of ownership – succession, and ownership – management. In a broader sense, the expressions of a family enterprise refer to the control over decisions and strategic choices and the intention to leave the hotel under the family's management.

A family enterprise can be defined as an entity owned by members of the same family, which, through it, carries out a formal or informal vision of business activity and intends to hand it over to its successors (Venter et al., 2005, p. 284). In addition, an enterprise of any legal form (or a self-employed person), the entire or decisive capital of which is in the family's possession, is considered to be an entity of this type, and at least one of its members exercises a decisive influence over management or exercises a management function with a view to permanently run the business in the "hands" of a family (Drake, 2009, p. 63). On the other hand, an entity that meets the requirements of a micro, small or medium entity, is managed and is owned by a single or multi-generational family should be considered an FHB. Provided that at least one member of the family makes strategic choices in accordance with the decisions made, which concern key areas of the hotel's operation. Therefore, this person manages the enterprise, which remains in the family's resources (in accordance with the Act on Tourism Services).

The specific character of family hotel enterprises results from (Marjański, 2012, p. 31; Malinowski, 2016, p. 86):

- interdependence of the owner's family with the family business,
- participation of the family in the ownership of enterprises, i.e. at least one member of the family is employed in the enterprise or actively supports its activity,
- family participation in business management and the family management system of human resources,
- awareness of the family nature of the enterprise,
- striving for a family transfer of ownership and/or power in an economic entity,
- values cultivated in the family which are reflected in the formula of the company mission and vision,
- no clear distinction between family and business,
- responsibility for the day-to-day operation and prospects for the development of its own enterprise,
- sources of enterprise financing which are the funds of the owner and family,
- emotional ties with stakeholders and care for customers, suppliers and employees, which is one of the sources of a competitive advantage,
- combination of family and business objectives in the implemented company strategy.

The specificity of FHB results primarily from the specific nature of services and the interpenetration of areas for achieving different goals, which are set by families (e.g. succession, maintenance of family tradition, maintenance of economic independence) and business managers (e.g. realization of profit, increase in enterprise value). Mutual relations between the indicated areas determine the way they operate, the objectives pursued, the values they profess and, among others, the financial policy. These elements determine all decisions and actions taken, contributing to the identification of specific contradictions, threats and weaknesses that are unheard of in other entities. Such activities are the result of consolidation related to the efforts of family members for the benefit of hotel with simultaneous holding its ownership. For this reason, FHB is considered to be an original type of entity distinguished by features that may determine its significant competitive advantage.

### **Strategic choices in family hotel enterprises from the perspective of development strategy**

The primary objective of modern family hotel enterprises is the ability to adapt to changing market situations (complexity, structure, dynamics). The instability of environment determines the need to ensure conditions conducive to its functioning, among which survival and

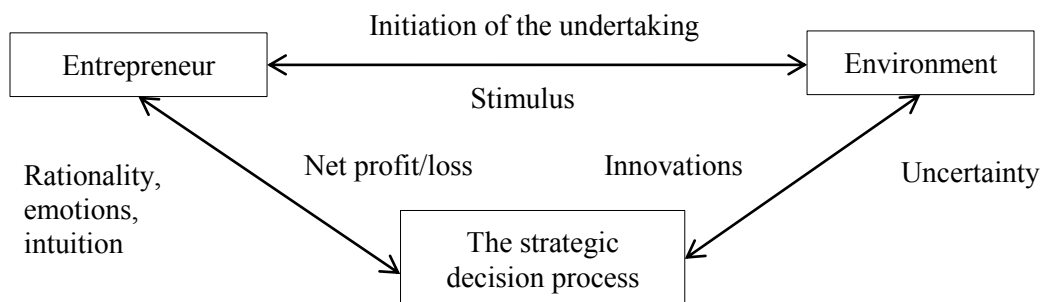
development are considered common. Changes taking place in the environment of entities contribute to an increase in risk and uncertainty among managers. Moreover, they constitute an obstacle in creating a permanent competitive advantage and oblige one to constantly adjust development strategies to the turbulent environment. Therefore, FHB is obliged to make the right decisions and make strategic choices. Their development, in a broad sense, is a process aimed at reorganising economic, social, political or mental structures that cannot be achieved in the short term (Jakubów, 2000, p. 27). Thus, it depends on external circumstances as well as internal factors conditioning the functioning of such entities.

Development of entities is defined as targeted, effective and coordinated changes in enterprise systems, consisting of introducing new elements and improving those that already exist, but also the growth of the company and changing the environment, ensuring a competitive advantage in the long term (Pierścionek, 1998, p. 42). This process contributes to improvement, achieving a higher level and better and more complex forms in the functioning of FHB (Kaczmarek, 2016, p. 26). Their development is justified by quantitative and qualitative changes. The development is expressed in quantitative terms, usually by the multiplicity of the budget earmarked for various types of undertakings, including investments in infrastructure, introduction of new products to the market and restructuring. The consequences of business development are usually assessed through the prism of improving competitiveness (Stabryła and Woźniak, 2012, p. 53). On the other hand, development as a qualitative category means deliberate, effective and coordinated changes in systems that adapt the subject to systematically changing environmental conditions (Pierścionek, 2011, p. 16). It should be noted that development is closely related to the strategy of FHB. It obliges one to design and implement an appropriate strategy, shaped during the ongoing strategic management process, and which results from the use of specific strategic planning tools and instruments (Pierścionek, 2011, p. 23). Therefore, strategic planning is a decision-making process that enables one to choose the directions of operation. The result of such proceedings is the creation of a company's development strategy.

The development strategy is one of the variants of the FHB management strategy in a market economy. It presents an action plan explaining the management pattern implemented by the entity and presents the manner of carrying out the mission and implementation of determining strategic goals. In addition, it proves the expansiveness of enterprises, which can be reflected in the acquisition of new markets, diversification of production and investment activity (Stabryła, 1998, p. 14). In the environment of family hotel enterprises, the strategy draws attention not only to the achievement of assumed goals, but also to the achievement of the owner's family goals (Marjański, 2015, p. 157). The essence of shaping the strategy results not only from an analysis of the current state or past events, but mainly on the image of the future and determination of the results of decisions made in the enterprise (Radosiński, 2001, pp. 7-10).

The tasks carried out by hotel owners are immutably related to management, commonly understood as a permanent decision-making process. In the subject literature, decisions are understood as the conscious, non-random choice of one of many (at least two) possible ways of acting (Griffin, 2006, p. 82). Thus, the decision considered from the perspective of making a choice is the main element that finalizes the decision-making process in the family hotel company. On the other hand, decision making is characterised by an action consisting of choosing one option from a particular set. For this reason, the manager's decision actually means a decision to take a specific action or to discontinue it.

In management sciences, the notion of a decision is also identified with: a) the choice of a rational action; b) the choice of the most appropriate selection criteria among the alternatives to action; c) judgment (concerning the decision-maker's actions) containing the risk (Ścibiorek, 2003, p. 31). Nevertheless, the decision is followed by a selection effect in the form of a priority option for the hotel to operate on the market (see Figure 1). Each decision is considered strategic if its significance for the company is crucial, due to the type, alleged results of taken actions and the quantity and significance of the resources involved for their implementation or due to its unique function.

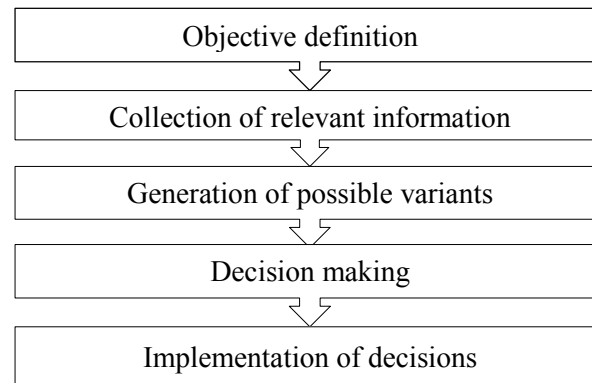


**Figure 1.** Decision pattern of the owner of a family hotel enterprise. Source: (Vermeulen, and Curseu, 2008, p. 29).

Significantly, strategic decisions are understood as choices that mainly concern strategic goals and the ways to achieve them, i.e. implementation of the strategy (Urbanowska-Sojkin, 2011, p. 74). They are also considered as a non-random choice of one among a set of strategic options that meet the requirements of the objective function, selection criteria and conditions for their future implementation (Urbanowska-Sojkin, 2015, p. 309).

In each enterprise, the decision-making process concerns rationally related categories of conceptual actions, which, by assembling in the right order, enable the diagnosis of a decision situation and selection of the appropriate model (see Figure 2). The decision-making process is largely determined by the type and size of the enterprise. An extraordinary situation occurs among family enterprises in which the basic decisions are made by the owner/manager. Entrepreneurs are then obliged to consolidate their ownership and management functions.

The decision-making process is a multi-stage proceeding that is characterised by the need to analyse many determinants. In addition, it may take place during a period during which the reorganisations of previously undertaken actions will be necessary. This type of behaviour results from the availability of information and experience and is a result of the influence of external factors and available alternative solutions (Marugan, and Garcia Marquez, 2017, pp. 84-87).



**Figure 2.** Phases of the decision-making process. Source: (Maciejewski, and Faron, 2016, p. 199; Adair, 2014, p. 23).

It follows from the above considerations that the strategic decision is distinguished by a non-random choice of one among a set of strategic options, meeting the conditions of the objective function, selection indicators and circumstances of its application in the future. In a broad sense, strategic choice means a set of activities which are supposed to lead the entrepreneur to identify one of the presented variants as appropriate according to the current state of knowledge and meeting limiting conditions (objective function and selection criteria). The selection process is a kind of sequence of actions resulting from: recognising the decision-making problem, determining the internal and external conditions of functioning, formulating strategic options, making a choice (Urbanowska-Sojkin, 2011, p. 9, 20).

In the subject literature, the interpretation of analysed concepts according to a broader sense and strict sense should be distinguished. The strategic choice of a broader sense concerns activities related to the identification of possible strategic options developed as a result of intensified research relating to future functioning conditions. In turn, strategic choices of a strict sense are characterised in the meaning of achieving a possible result, i.e. as a result of the comparative analysis process of strategic options, including the objectives and selection criteria. Therefore, a strategic choice is created on the basis of a defined strategic decision, which embodies the conditions expressed as a function of the goal, limiting conditions and selection indicators.

The basic strategic choices made in enterprises concern the directions of its development and are related to the choice of the activity area by defining the product and the market (Ansoff, 1965, p. 109). Their main goal is to formulate the concept of development which (Kaleta, 2000, p. 124):



- meets the requirements of contemporary strategies (unconventional, offensive character),
- corresponds to the aspirations set within the assumptions,
- takes into account the determinants identified in the strategic analysis,
- is pragmatic, feasible.

The strategic choice regarding the right direction and way of company development is determined by knowledge, experience and the management's interests, but is also intensively conditioned by the environment in which the entity operates (sector, industry characteristics).

### **Research method, selection and characteristics of the research group**

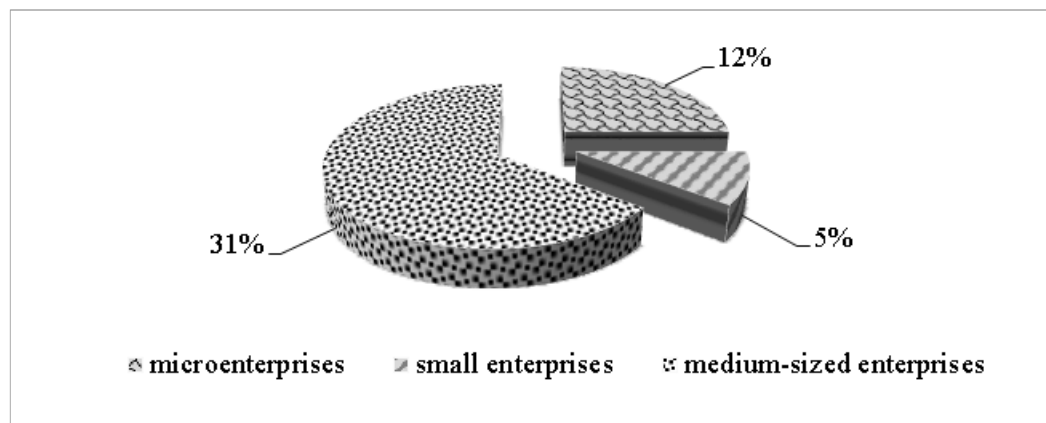
The aim of this research was to indicate the circumstances and directions of conducted tasks that affect the nature of an FHB's choices from the perspective of their market development. For this reason, a survey was carried out using a questionnaire method with the use of a computer assisted telephone interview (CATI). The time of one interview was up to 15 minutes. This method was chosen due to the relatively short duration of research and response, the number of inquiries and costs.

For the purpose of this article, a computer-assisted questionnaire was intentionally used due to relatively easy contact with owners or successors of family hotel enterprises, i.e. respondents not easily available. For this reason, the CATI technique, which ensures the highest possible level of timely interviews and limited funding for the study, was considered the most widely adopted (Szreder, 2010, pp. 159-163).

The interview questionnaire consisted of 12 questions and was divided into 4 thematic parts: 1) basic information on the subject; 2) decision-making process; 3) motives for making strategic choices; 4) types of decisions made as a part of hotel development. In order to diagnose the strongest values affecting the strategic decisions of an FHB, a survey was conducted from December 2018 to February 2019 which concerned the owners and successors of the facilities. The survey was carried out by a unit specialised in surveys. The research sample was selected on the basis of enterprises registered in the Registry of National Economy, and 850 hotels were then selected, to which the questionnaire was sent. In addition, enterprises classified under the following code in the PKD classification were qualified for the study: 55.1 (Hotels and similar accommodation facilities). Among them, only 189 representatives of hotels from the one-, two- and three-star segment operating on the Polish market agreed to participate in the survey (22%). The selection of entities for this sample was targeted according to the following criteria:

- the sample included only hotel enterprises which: a) are run by families, b) have family members working in a hotel, c) are employing people from outside the family, d) are owned by an individual as a result of succession.
- the sample included hotels with the same ownership structure, different legal form and size due to the number of rooms and employees.

Due to the ownership structure, private domestic ownership was distinguished, which included typical micro, small and medium enterprises run in the form of FHB (Morrison, 2018, pp. 189-192). Their percentage share is shown in Figure 3.



**Figure 3.** Structure of the surveyed enterprises by size (%). Source: own study based on research.

The number of enterprises participating in the survey in terms of organisational and legal form was varied. Entities that operate as natural persons conducting business activity were dominant (119 enterprises, 63%). Another group was hotels owned by public companies (49, 26%). The least numerous were civil companies (21, 11%).

Due to the size of enterprises, the following facilities were distinguished: a) very small hotels (micro) with fewer than 50 rooms (Napierała, 2013, p. 188), b) small hotels with 51-100 rooms, c) medium-sized hotels with 101- 350 rooms, d) large hotels consisting of 351-1000 rooms, e) very large hotels operating over 1001 rooms (Kowalczyk, 2001, pp. 95-96). The classification was supplemented by a segment of the surveyed entities, accepting the category of one- (57 objects, 30%), two- (83, 44%) or three-stars (49, 26%)

On the other hand, taking into account the number of employees, the following was specified: a) micro-entrepreneurs or entrepreneurs who in at least one year of the last two financial years employed less than 10 employees annually, b) small entrepreneurs, i.e. entrepreneurs who in at least one year from the last two financial years employed at least 50 employees on average annually, c) medium-sized entrepreneurs who in at least one year of the last two financial years employed on average less than 250 employees annually (The Entrepreneurs' Law of March 6, 2018, art. 7.1.).

For the needs of this research, a sample was selected so that the one-star hotel was run by a micro-entrepreneur and had the characteristics of a very small hotel. In turn, the two-star hotel was considered an object run by a small entrepreneur and as having the attributes of a small

hotel. However, a three-star hotel has been defined as a medium-sized entrepreneur managing a facility where the parameters are appropriate for a medium-sized hotel.

To a certain extent, the reduction of obtained results from the surveys is a subjective assessment of the respondents. Nevertheless, the selection of owners and successors of hotels in a research sample enables us to conclude that the indicated positions represent the most complete events occurring in the enterprise.

In order to analyse and interpret the obtained results, elements of descriptive statistics and statistical inference were used, including the chi-square independence test. This type of statistical test is used to analyse the relations between two features measured on a nominal scale. During the test, a null hypothesis was built, in which it was assumed that the occurrence of a single feature category will not depend on the variant adopted for the second feature (independent features). The alternative hypothesis indicates that the features are interrelated. The small probability values of the p test enable us to reject the null hypothesis and inference on the occurrence of dependence in the whole population between the two analysed features.

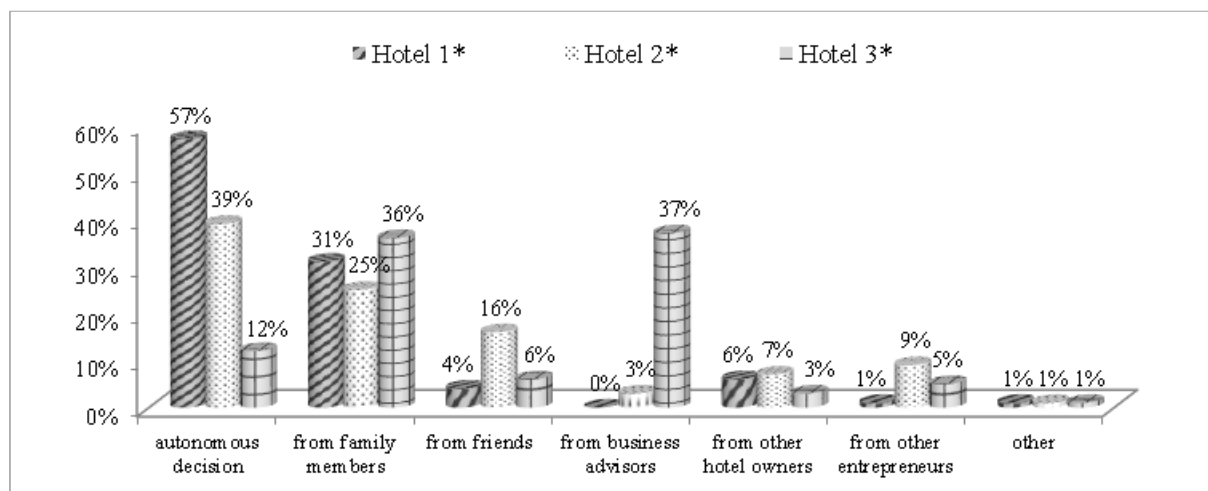
The obtained results from the questionnaires were imported into the STATISTICA program in order to verify the hypotheses. The aim of this analysis was to present a possibly coherent presentation of the studied phenomenon and to present the connections between the studied relations. The obtained data is of a qualitative character, and therefore non-parametric tests were used in the statistical test. Variables were analysed using the chi-square test at the significance level  $\alpha = 0.05$ .

## Results of empirical studies

The implications of properly made decisions and effective strategic choices for hotel development are determined by means of qualitative changes in the company. In view of the above, all respondents of family hotel enterprises (100%) stated that they are carrying out activities aimed at establishing strategic decisions and choices.

Over half (57%, i.e. 32 respondents) who run one-star family hotels independently make key decisions regarding strategic choices. This type is also used by 32 (39%) owners of two-star hotels and only 6 (12%) from three-star hotels. The owners' family members from 18 (31%) one-star, 21 (25%) two-star and 18 (36%) three-star facilities also constitute important opinion makers when choosing the right decisions. A situation of this kind means that these enterprises have the typical character of family businesses. Over 18 (37%) entrepreneurs use professional business consulting in the field of hotel development choices. However, none of the surveyed one-star facilities consult their decisions and choices with an expert. Respondents also practically do not seek advice from the owners of competing hotels, and only 16% of owners of family hotel enterprises have undertaken such activities. On the other hand,

they consult strategic choices with other entrepreneurs only to a small extent, and this answer was indicated by only 9% of the respondents of two-star hotels, 5% – three-star hotels and 1% – one-star hotels (see Figure 4).



**Figure 4.** Methods of obtaining opinions before making a strategic choice. Source: own study based on research.

From the perspective of making strategic choices, it seems interesting to identify the sources of knowledge acquired for its implementation. Therefore, the following hypotheses were verified using the chi-square independence test:

H0 hypothesis: Methods of obtaining feedback before a strategic choice do not depend on the hotel standard.

Alternative H1 hypothesis: Methods of obtaining feedback before a strategic choice depend on the hotel standard.

For this purpose, the distribution of determinants used to gain knowledge on making appropriate strategic choices was compared (see Table 1).

**Table 1.**

*Distribution of factors related to sources of knowledge on strategic choice*

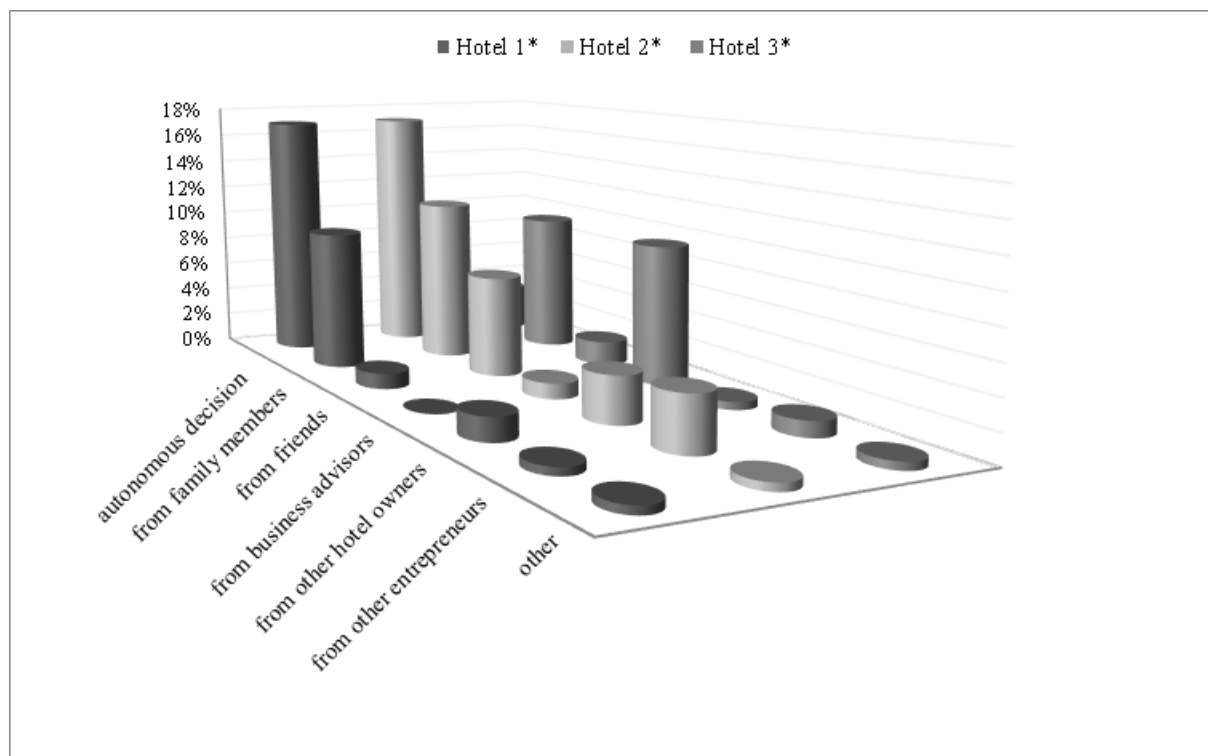
Standard of the hotel	Methods of obtaining opinions before making a strategic choice							Totality
	autonomous decision	from family members	from friends	from business advisors	from other hotel owners	from other entrepreneurs	other	
Hotel 1*	n=32 (45.71%)	n=18 (31.58%)	n=2 (11.11%)	n=0 (0%)	n=3 (30%)	n=1 (10%)	n=1 (33.33%)	n=57 (30.32%)
Hotel 2*	n=32 (45.71%)	n=21 (36.84%)	n=13 (72.22%)	n=2 (10%)	n=6 (60%)	n=7 (70%)	n=1 (33.33%)	n=82 (43.62%)
Hotel 3*	n=6 (8.57%)	n=18 (31.58%)	n=3 (16.67%)	n=18 (90%)	n=1 (10%)	n=2 (20%)	n=1 (33.33%)	n=49 (26.06%)
Totality	n=70 (100%)	n=57 (100%)	n=18 (100%)	n=20 (100%)	n=10 (100%)	n=10 (100%)	n=3 (100%)	n=188 (100%)

Source: own study based on research.

**Table 2.***Chi-square test results for individual elements of the FHB strategic choice process*

Statistics	Chi-square	df	p	
Chi <sup>2</sup> Pearson	68.692998	df=12	p=	5.62E-10
Chi <sup>2</sup> NW	69.423963	df=12	p=	4.1E-10
Contingency coefficient	0.5173080			
V Cramér	0.4274274			

Source: Own elaboration based on studies from the STATISTICA program.

**Figure 5.** Sources of opinion necessary in the strategic choice process. Source: own elaboration based on research.

The results of calculations presented in Table 2, in particular, the value of  $p = 0.0000000006$  from the chi-square test, which is lower than the assumed significance level of 0.05, therefore conclude that hypothesis  $H_0$  should be rejected. However, the value of Cramer's coefficient shows a strong relation between the analysed variables (see Table 2). Therefore, it should be concluded that the relation between the studied determinants is statistically significant, i.e. the method of acquiring knowledge before making a strategic choice depends on the hotel standard. In the case of family hotel companies in the one- and two-star segment, an autonomous decision is an important element (see Figure 5).

FHB managers often make strategic choices in order to gain a competitive advantage and define ways of development. Therefore, family businesses operate according to a strictly defined sequence of actions called the strategic choice process (decision).

Each process of making strategic choices in an enterprise should result from logically and chronologically occurring sequences of goals to be achieved. The selection of an appropriate concept of the selection mechanism is a decision problem, the solution for which is presented in the form of a set of different strategic options.

In this type of process, entrepreneurs of one-star family hotels pay attention primarily to: defining the purpose of a strategic decision (51 respondents), analysing the negative and positive effects of selection (54) and distinguishing the most advantageous strategic option (52). However, for respondents representing two-star family hotels, an important element is also to specify the significance of the choice made (53 entrepreneurs). In turn, among the three-star hotels, the most important phase is to analyse the benefits and negative consequences of a strategic choice (46 respondents), specify the purpose of a choice (42), choose a relatively appropriate strategic option (44), indicate the importance of a choice (35), define alternative decisions (34) and determine an appropriate variant (31). To the smallest degree, the surveyed enterprises focus on the analysis of the company's environment (2 one-star hotels, 9 two-star hotels, 19 three-star hotels) during the strategic choice process.

From the point of view of the analysis of the strategic choice process, an important task is to define a series of tasks that make up the decision-making phase. For this purpose, the following hypotheses were established to prove that the chi-square independence test was used:

H0 hypothesis: The strategic choice process in family hotel enterprises does not depend on the hotel standard.

Alternative H1 hypothesis: The strategic choice process in family hotel enterprises depends on the hotel standard.

Before the hypotheses were verified, a crosstab distribution of factors related to the nature of strategic choice among respondents from the surveyed enterprises was presented (see Table 3).

**Table 3.**  
*Distribution of factors affecting the strategic choice process*

Hotel standard	Strategic choice process in family hotel enterprises										
	determination of the scope of selection	clarification of the importance of selection	determination of the purpose of decision	analysis of positive and negative consequences of choice	determination of the selection option	formulation of alternative decisions	analysis of enterprise resources	analysis of the company's environment	selection of the relatively best strategic option	implementation	Totality
Hotel 1*	n=1 (1.85%)	n=18 (17.14%)	n=51 (32.48%)	n=54 (33.96%)	n=3 (4.05%)	n=10 (15.15%)	n=8 (11.76%)	n=2 (6.67%)	n=52 (32.7%)	n=57 (30.16%)	n=256 (24.13%)
Hotel 2*	n=31 (57.41%)	n=52 (49.52%)	n=64 (40.76%)	n=59 (37.11%)	n=40 (54.05%)	n=22 (33.33%)	n=35 (51.47%)	n=9 (30%)	n=63 (39.62%)	n=83 (43.92%)	n=458 (43.17%)
Hotel 3*	n=22 (40.74%)	n=35 (33.33%)	n=42 (26.75%)	n=46 (28.93%)	n=31 (41.89%)	n=34 (51.52%)	n=25 (36.76%)	n=19 (63.33%)	n=44 (27.67%)	n=49 (25.93%)	n=347 (32.7%)
Totality	n=54 (100%)	n=105 (100%)	n=157 (100%)	n=159 (100%)	n=74 (100%)	n=66 (100%)	n=68 (100%)	n=30 (100%)	n=159 (100%)	n=189 (100%)	n=1061 (100%)

Source: own study based on research.

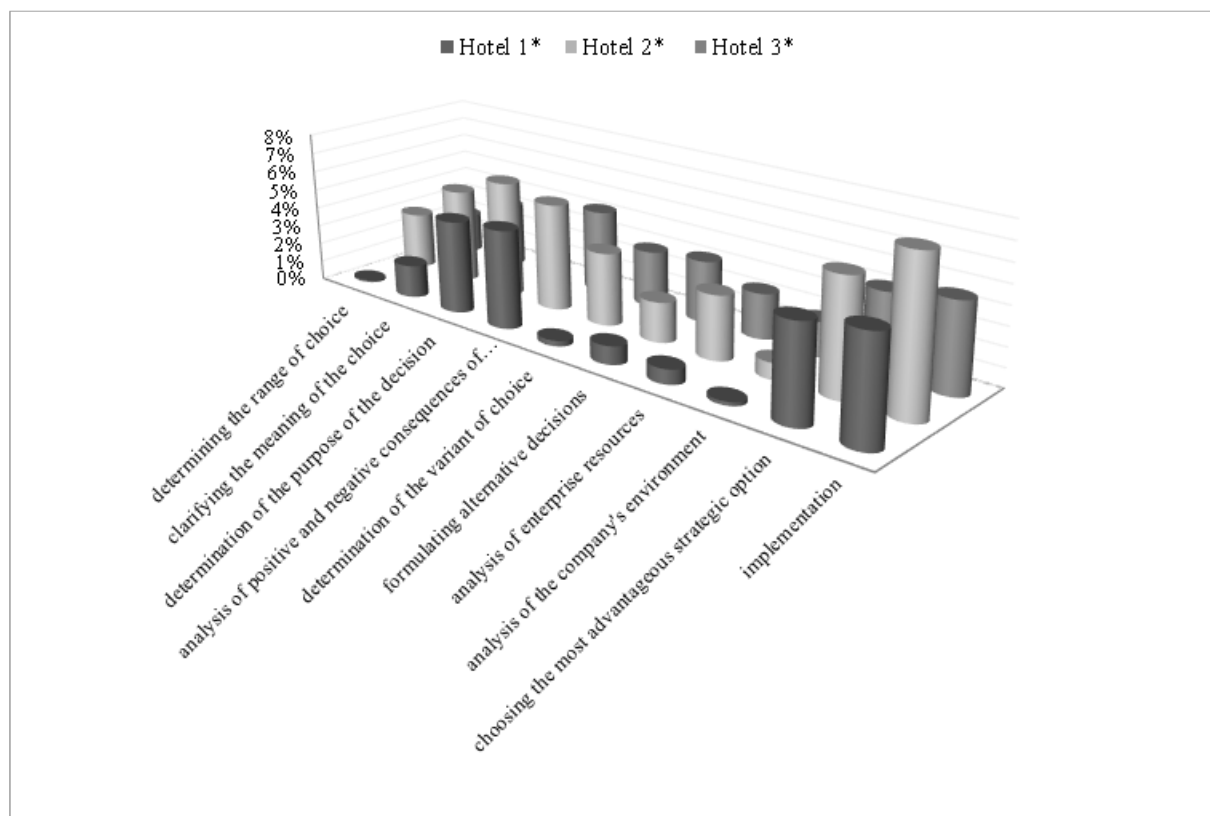
A detailed analysis of the selection process using the chi-square test is presented in Table 4.

**Table 4.**

*Chi-square test results for individual elements of the FHB strategic choice process*

Statistics	Chi-square	df	p	p
Chi <sup>2</sup> Pearson	91.231595	df=18	p=	8.67E-12
Chi <sup>2</sup> NW	91.857224	df=18	p=	6.69E-12
Contingency coefficient	0.2813862			
V Cramér	0.2584326			

Source: own elaboration based on studies from the STATISTICA program.



**Figure 6.** Circumstances of making strategic choices in FHB. Source: Own study based on research.

The obtained value of the chi-square statistic for the above crosstab was  $\chi^2 = 91.232$ ,  $p < 0.05$  and is statistically significant. Thus, the null hypothesis should be rejected, assuming there is no connection between the studied variables. However, according to Cramer's ratio  $V = 0.258$ , the relations between the data are average. In relation to the above, it should be recognised that the relation between analysed variables is statistically significant, i.e. the strategic choice process depends on the hotel standard. In addition, in case of family enterprises from the two-star segment (see Figure 6), the most important elements of the discussed procedure are: clarifying the choice, defining the purpose of a decision, analysing the positive and negative consequences of the choice, selecting the most advantageous strategic option and implementation.

The FHB makes choices by defining key development goals, identifying the essential areas of strategic analysis or determining the overarching tasks to implement the entity's development strategy. Thus, the decision process refers to the moment of creating a model strategy as one of the strategic choice stages. Strategic choices should be made in accordance with available information from both the environment and the company. This research shows that respondents (29 from one-star facilities [51%], 28 from two-star [34%], 20 from three-star [42%]) recognised their own experience and intuition as the key source of knowledge necessary in the process of making the right strategic choice. This is also obtained from hotel guests (buyers), companies dealing in business consulting and contractors.

The following hypotheses were established in order to carry out a statistical analysis of the information used to make strategic choices by family hotel enterprises:

H0 hypothesis: The sources of knowledge used in strategic choices are not dependent on the hotel standard.

Alternative H1 hypothesis: The sources of knowledge used in strategic choices depend on the hotel standard.

Table 5 presents the determinants influencing the sources of opinions during the strategic choice process. The results of chi-square test calculations indicate that the value of  $p = 0.095064$  is greater than the assumed significance level of 0.05, and therefore there is no reason to reject the H0 hypothesis. In turn, the value of Cramer's coefficient indicates that the relation between variables remains average (see Table 6). On the basis of the analysis, it should be concluded that the relation between the analysed variables is statistically insignificant, i.e. the sources of knowledge used during strategic choices are not dependent on the hotel standard. In addition, respondents pointed to similar sources of knowledge for each hotel standard, and these had an impact on the presented test result (see Figure 7).

**Table 5.**  
*Distribution of factors regarding sources of knowledge acquisition*

Hotel standard	Sources of knowledge used in strategic choices								
	family	business consulting	intuition and experience	buyer	contractors	industry magazines (e.g. Hotelier, World of hotels)	industry portals	competitors	total
Hotel 1*	n=0,5 (21.74%)	n=1 (3.33%)	n=29 (37.18%)	n=11 (36.67%)	n=7 (25%)	n=3 (37.5%)	n=3 (37.5%)	n=2 (60.79%)	n=56,5 (30.12%)
Hotel 2*	n=0,8 (34.78%)	n=17 (56.67%)	n=28 (35.9%)	n=14 (46.67%)	n=17 (60.71%)	n=2 (25%)	n=3 (37.5%)	n=0,8 (24.32%)	n=82,6 (44.03%)
hotel 3*	n=1 (43.48%)	n=12 (40%)	n=21 (26.92%)	n=5 (16.67%)	n=4 (14.29%)	n=3 (37.5%)	n=2 (25%)	n=0,49 (14.89%)	n=48,49 (25.85%)
Totality	n=2,3 (100%)	n=30 (100%)	n=78 (100%)	n=30 (100%)	n=28 (100%)	n=8 (100%)	n=8 (100%)	n=3,29 (100%)	n=187,59 (100%)

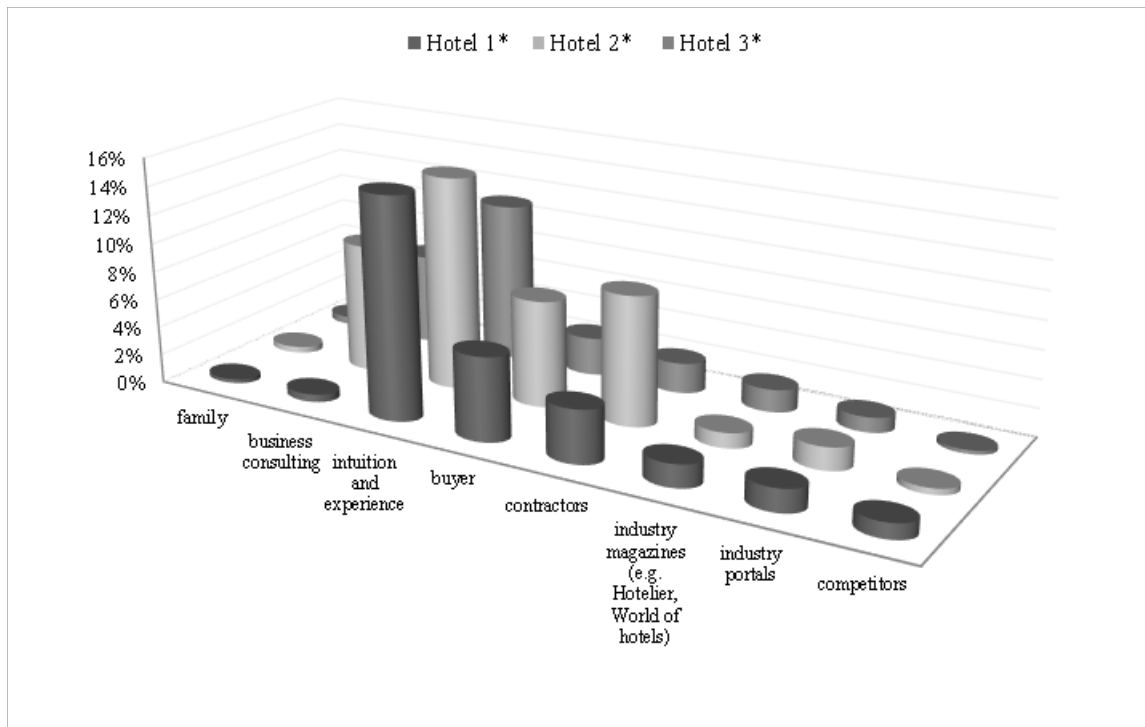
Source: own elaboration based on research.



**Table 6.***Chi-square test results for individual parameters of FHB knowledge sources*

Statistics	Chi-square	df	p	
Chi <sup>2</sup> Pearson	21.263659	df=14	p=	0.095064
Chi <sup>2</sup> NW	21.558131	df=14	p=	0.088161
Contingency coefficient	0.3190788			
V Cramér	0.2401825			

Source: own elaboration based on studies from the STATISTICA program.

**Figure 7.** Sources of FHB knowledge during strategic selection processes. Source: own study based on research.

The motives for strategic choices can be divided into financial decisions (financial motives) and market-dependent decisions (market and product motives). On the basis of the conducted research, Table 7 presents the main motives for making strategic choices.

**Table 7.***Key themes for making strategic choices*

Determinant	Hotel 1*		Hotel 2*		Hotel 3*	
	Rank	Number of indications (pcs)	Rank	Number of indications (pcs)	Rank	Number of indications (pcs)
<b>Financial themes</b>						
Maintaining sales profitability	5	21	2	76	6	20
Increase in sales revenues	1	52	1	80	7	18
Increase in sales profitability	8	6	6	46	1	49
Maintaining current sales revenues	6	17	9	5	8	16
Maintaining the current profit	9	9	3	70	5	28
Maximisation of profit	3	47	4	65	3	38
Increase in hotel value	4	34	5	52	4	29
Reduction of internal operating costs	7	11	8	13	2	45
Reduction of service costs	2	50	7	35	9	11

Cont. table 7.

Market and product theme						
Hotel guests' satisfaction	2	50	3	70	5	38
Maintaining the current market share	4	42	1	81	8	24
Loyalty of hotel guests	3	47	7	44	6	35
Increase in market share	1	56	6	51	2	47
Increase in flexibility of hotel operation and response	5	31	4	68	9	19
Gaining new markets	6	10	2	77	7	30
Increase in product innovation	7	8	5	62	1	48
Creation of a new market (market niche)	9	1	9	3	3	45
Internationalisation of activities	8	3	8	6	4	40

Source: own elaboration based on research.

In the case of family hotel enterprises from the one-star category, the motives include: increase in sales revenues, reduction of service costs and maximisation of profit. Two-star hotels indicated: increase in sales revenues, maintaining sales profitability and current profit. However, respondents from three-star facilities selected: increase in sales profitability, reduction of internal operating costs, an increase in hotel value and profit maximisation.

The most important market-product motives of family entrepreneurs from one-star hotels were: increase in market share, hotel guests' satisfaction and loyalty of existing guests. From the point of view of respondents from two-star hotels, priority is given to the reasons resulting from: maintaining the current market share, gaining new markets, hotel guests' satisfaction and increase in flexibility of hotel operation and response. From the perspective of three-star hotel owners, the key factors are: increase in product innovation, increase in market share, creation of a new market (niche), internationalisation of activities, increase in hotel value, the satisfaction of buyers and guest loyalty.

Strategic choices are a complex process before they are made, many decisions must be taken, and the necessary information must be obtained. In addition, elements necessary to establish an FHB's development directions include adequate financial resources and experience. The key parameter of strategic decisions made by entrepreneurs is the assumption that the choices made in the first place should allow for the hotel's market survival in the long-term. Their consequences for business development are a priority.

In family enterprises, decisions and specific strategic choices from the perspective of development are made by decision makers, usually in terms of individual perception of the problematic situation, professed values and obtained synthetic information on the external environment. Nevertheless, it should be noted that monitoring information received from the market is a key element in making decisions, making choices and creating hotel development strategies on a strategic level.

Properly made strategic choices can be assessed due to an increase in: market share, sales value of hotel and catering services, profitability, number of employees and introduction of innovations, the opening of another facility and obtaining certificates. This research shows that an FHB made the right decisions, thanks to which they were successful from the perspective of market development (see Table 8).

**Table 8.***Strategic choices related to the development of family hotel enterprises*

Priority in the decision on the enterprise's development	% indications		
	Hotel 1*	Hotel 2*	Hotel 3*
Increase in hotel market share	17	68	96
Extension of the hotel's service offer	5	61	84
Introduction of innovative services	8	76	88
Increase in the number of employees	5	45	72
Opening of another hotel	1	14	67
Expanding business with new spheres of activity	2	27	41
Increase in sales of services	46	64	72
Maintaining the achieved market position	51	86	93
Entry into new geographic markets	0	0	6
Obtaining certificates	0	5	31
Increase in the company's profitability	6	16	56
Ensuring financial stability	15	72	95
Cooperation on the basis of an agreement – license, franchise with hotel chains	6	4	24
Investments in joint ventures with business partners	2	19	11
Improvement of the technical and technological condition of the hotel	6	28	16
Purchase of new technologies to meet market competition	0	2	60
Other	8	14	27

Source: own elaboration based on research.

The above data proves that family-owned hotel companies make a choice to implement the growth strategy. Most often they take the form of own (internal) and mixed (internal and external) investments, e.g. licenses, franchise agreements with hotel chains. Among the directions of growth, strategies of specialisation dominate (including concentration on a specific type of activity) and diversification (including entering new markets, introduction of innovative services). Investments are common strategic decisions. Capital involvement is manifested, among others, in the improvement of the technical and technological condition of the facility or the construction of another hotel.

The condition for achieving the market success of an FHB is their continuous development. However, this requires making the right strategic choices, taking into account the potential, resources, possibilities of the hotel and decisions resulting from external market conditions. Respondents are required to make specific decisions when selecting specific development strategies. For this reason, the key element is to determine the priorities for development, the level of financial expenditures, applied business models, define the scope of services offered and determine the scope of activity.

## Conclusion

Owners and successors managing family hotel enterprises, regardless of the uncertainty and complexity of the environment, should have a clear method of developing their own facilities. Therefore, it is crucial to make the right strategic choices and indicate development plans aimed at harmoniously coordinating their implementation with changing operating conditions.

In order to continue the development plan of modern family, entities are obliged to take risky strategic decisions.

During the implementation of strategic research in a group of 189 FHB, an attempt was made to indicate which decisions regarding strategic choices are made by managers, on the basis of which development strategies are created and under the influence of which motives and sources of knowledge undergo the selection process related to their development. Respondents identified that the most important determinants of hotel development are: maintaining the achieved market position and ensuring financial stability. Regardless of the crisis situations occurring in the environment of family entities, the respondents chose development strategies resulting not only from the increase in market share, but also through the introduction of innovative services, the expansion of a business to new areas of activity and the increase in sales of services. The indicated circumstances of development are favoured by the financial motives defined by the respondents (increase in sales profitability, reduction of internal operating costs) and market/product (including the creation of a new market – a niche market) in strategic decisions.

It should be noted that the increasing market competition and turbulence of the environment motivates the managers of family hotel enterprises to make choices and strategic decisions in order to develop or remain on the market. By undertaking these kinds of activities, owners and successors make an individual transgression, conditioning the intensification of collective transgression. As a consequence, changes concern the manager and hotel, as well as the environment in which they operate. FHBs stand out above all others with their market orientation aimed at achieving short-term profits quickly, due to market instability and changes in the preferences of hotel guests.

Developing specific recommendations from the research is a complicated task. This results from difficulties related to issues concerning the decision-making process in family hotel enterprises. However, making the right strategic choices allows one to survive and maintain a competitive position on the market. Therefore, hotel managers should guide the development of hotels by making abilities. Managers should make strategic choices based on the historical process of previously development decisions, with particular emphasis on market/product and financial motives.

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