

## Chapter 2 Test Bank

### Multiple Choice Questions

1. Which of the following is a threat to the H&T industry?
  - a. Terrorism
  - b. Natural disasters
  - c. Political conflicts
  - d. All of the above
2. Which of these sectors are included in the H&T industry?
  - a. Accommodations
  - b. Gaming
  - c. Theme parks
  - d. All of the above
3. The primary focus of which organizations is to serve the society and the environment?
  - a. Hotels
  - b. Non-profit tourism organizations
  - c. Theme parks
  - d. Casinos
4. Which classification of the H&T organization focuses on financial objectives?
  - a. Size
  - b. Location
  - c. Profit motive
  - d. Primary activity
5. The presence and participation of customers in the service delivery process is an example of \_\_\_\_\_.
  - a. Inseparability
  - b. Intangibility
  - c. Labor intensive nature
  - d. Cost structure
6. Services in H&T organizations are created and consumed at the same time. This describes \_\_\_\_\_ characteristic of the H&T industry.
  - a. Intangibility
  - b. Simultaneity
  - c. Heterogeneity
  - d. Cost structure
7. The value of a hotel room will be lost if it is not sold for a night. Which characteristic of the H&T industry does this statement describe?
  - a. Cost structure
  - b. Intangibility
  - c. Simultaneity
  - d. Perishability
8. Consumer demand for H&T services exhibits very cyclic behavior over a short period of time. This describes the \_\_\_\_\_ characteristic of the H&T industry.

- a. Simultaneity
  - b. Labor intensive
  - c. Perishability
  - d. Inseparability
9. Variations in service delivery from customer to customer and from time to time will always occur. Which characteristic of the H&T industry does this describe?
- a. Perishability
  - b. Inseparability
  - c. Heterogeneity
  - d. Cost structure
10. The importance of customer-to-customer interactions in service organizations highlights which characteristic of the H&T industry?
- a. Perishability
  - b. Inseparability
  - c. Heterogeneity
  - d. Cost structure
11. Luxury H&T organizations are \_\_\_\_ intensive.
- a. Capital
  - b. Labor
  - c. Energy
  - d. All of the above
12. Personal interactions and experiences are important parts of services, and employees play a key role in the H&T industry. This describes \_\_\_\_ characteristic of the H&T industry.
- a. Perishability
  - b. Intangibility
  - c. Labor intensive
  - d. Cost structure
13. Which of the following are trends that affect the H&T industry?
- a. Globalization
  - b. Mergers and acquisitions
  - c. Sociocultural trends
  - d. All of the above
14. Which of the following are areas where the H&T industry characteristics impact managing H&T firms?
- a. Strategic planning practices
  - b. Developing a sustainable competitive advantage
  - c. Managing the cost structure
  - d. All of the above

### True/False

1. The economic, sociocultural trends and developments are allowing more people to participate both in domestic and international tourism.  
T
2. Providing a concise definition for the H&T industry has been a major challenge for professionals and academics.  
T
3. Hospitality is an all-encompassing term that covers all aspects of people being away from their home.  
F
4. Tourism is a specific part of hospitality that focuses on providing accommodations and meals for tourists.  
F
5. The H&T industry is a composite of a number of distinct industries that are closely interrelated and interdependent.  
T
6. More than 80 percent of hospitality and tourism organizations are SMEs.  
T
7. Managing SMEs is the same as managing larger enterprises.  
F
8. H&T organizations offer a combination of tangible and intangible products and services.  
T
9. Customer-to-customer interactions are not important in the H&T industry.  
F
10. Being served and treated nicely by employees is a major factor in getting repeat customers.  
T
11. Services in the H&T industry are undergoing a shift from service to experience.  
T
12. Strategic management can help H&T organizations in providing a link between external and internal environments.  
T
13. Strategic management cannot help H&T in managing change.  
F
14. Strategic management research in our field now use advance research methods.  
T
15. Strategic management theories, models, and frameworks developed in the generic field cannot be used and applied within the H&T context.  
F
16. Agreeing on a single definition for the hospitality and tourism industry has been generally challenging.  
T
17. More than 80% of H&T businesses are small and medium sized enterprises (SMEs).

### Short Answers/Study Questions

1. How can we define the H&T industry?

Agreeing on a single definition for the hospitality and tourism industry has been generally challenging. Definitions of the H&T industry and hospitality management are often limited by the unique viewpoints of sectors within the industry. Tourism is an all-encompassing term that covers all aspects of people being away from their home and hospitality as a specific part of providing accommodations and meals for tourists. The hospitality industry serves many people who are not tourists, such as local residents. Tourism is also defined as the flow of visitors from one area/region or country to another for more than 24 hours of time and less than one year.

2. What are the main characteristics of H&T organizations?

Inseparability – Customers are part of the service delivery.

Simultaneity – Services are created and consumed at the same time.

Perishability – Goods and services are lost if they are not sold.

Intangibility – Customers cannot see, feel, touch services.

Heterogeneity – There is a variance in services provided.

Cost structure – Services cannot be inexpensive even without demand.

Labor intensive – Human interactions are important in service delivery.

3. Can we make generalizations about H&T organizations?

There are several characteristics that are unique to the H&T industry. However, caution must be used when generalizing the H&T organizations as they all differ by sector, size, location, profit motive, etc. and have different characteristics based on that.

4. How are managing H&T organizations different from managing manufacturing organizations?

H&T organizations focus on services more than goods. Human interactions and cost structure are very different when it comes to the H&T industry and they must be managed keeping in mind their unique characteristics.

5. How much do the unique characteristics of H&T organizations impact the strategic management practices in H&T organizations?

The unique characteristics of the H&T organizations affect the strategic management practices in several ways, including:

- Developing mission, vision, values, goals and objectives
- Analyzing the internal and external environment as an ongoing process
- Making decisions in the areas of service delivery, pricing, and marketing
- Strategic planning practices
- Developing a sustainable competitive advantage
- Achieving and evaluating intended outcomes
- Managing capacity to maximize revenue
- Managing the cost structure of the company

- Allocating available financial and human resources for future strategies
- Evaluating and improving the service delivery process
- Interacting and satisfying customers
- Training, developing, and motivating employees and managers (our internal guests)
- Designing and decorating facilities

6. How can we better apply strategic management theories in H&T organizations?

Services in the H&T industry are undergoing a shift from service to experience. This requires changing the perspectives of many managers and employees in their strategic thinking and daily actions. In order to achieve this shift, there is an essential need to know both the H&T context and how this strategic change can be achieved in that context. To better prepare and respond to these trends and keep redefining strategic management practices, H&T organizations need to have a clear knowledge about strategic management theories and apply them in the relevant context. This is because strategic management deals with the major and fundamental managerial issues that directly affect the future of H&T organizations.

7. In what areas do the industry characteristics influence the management practices in H&T organizations?

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8. In what situations can strategic management help H&T organizations?

There are a number of important areas in which strategic management can help H&T organizations. These include:

- Providing a holistic view for the entire H&T organization
- Providing a sharper focus on what is strategically important
- Providing a link between the external environment and the internal environment
- Analyzing a complex and rapidly changing external environment
- Analyzing an organization's strategic resources
- Giving a clear sense of strategic vision and direction
- Defining organizational purposes
- Developing measurable goals and objectives

- Identifying key resources and investing in core competencies
- Formulating decisions and making them happen
- Leading change and/or Managing change
- Coordinating organizational activities and allocating resources
- Understanding the complexities of decision making and the structuring of an organization
- Understanding the role and importance of the organizational structure and culture on the strategy process
- Reducing and managing uncertainty inside the organization
- Measuring intended and unintended outcomes of the strategy process
- Helping to prioritize strategic commitments

9. Why has the current level of strategy research in the H&T field been limited?

To enhance strategic management research within hospitality and tourism focus H&T researchers need to generate strong academic community networks by considering researchers from other disciplines or fields. Most of the previous research on strategy in the H&T field were under the traditional planning school. In recent years, hospitality and tourism scholars focusing on strategic management research have made good progress by working on current research themes similar to the generic strategic management field. They are also able to employ advance research methods. However, the potential still exists for high-quality strategy research of relevance to both the academic community and the industry practitioners.