The relationship among participative management style, strategy implementation success, and financial performance in the foodservice industry

Godwin Charles A. Ogbeide and Robert J. Harrington
Department of Hospitality and Restaurant Management, University of Arkansas, Fayetteville, Arkansas, USA

Received 20 April 2010
Revised 16 August 2010
22 November 2010
28 December 2010
Accepted 14 February 2011

Abstract

Purpose This study aims to consider how the degree of participation at various hierarchical levels impacts action plan implementation success and firm financial performance. Specifically, the study seeks to assess the relationship among organizational structure, involvement by top management, middle management, lower management and frontline employees and its effect on firm performance; and, when controlling for firm size and industry segment membership, the effect of the relationship among direct involvement effects and interacting involvement effects on performance.

Design/methodology/approach The study used survey methodology and a random sample of members in a US state restaurant association. The analysis included comparisons between groups using independent sample *t* tests and hierarchical regression to assess direct and interacting effects.

Findings The findings indicate that, regardless of firm size or industry segment, the direct effects of greater top management involvement and the interaction effects of one three way interaction (middle management, lower management, and frontline staff) and the four way interaction led to higher levels of action plan success. For the longer term impact on financial performance, higher participative approaches used by top management and frontline staff were significantly associated with higher overall profits and financial success.

Research limitations/implications The sample was drawn from a specific region in the USA and may not be generalizable. The study attempts to minimize the potential for non response bias and to ensure inter rater reliability but these potential threats to validity cannot be totally ruled out.

Practical implications In general, higher top management participatory approaches are important to enhance financial and strategy implementation success, regardless of firm size. The interaction of participation by all levels of the firm is a useful approach to increase the likelihood of strategy implementation success. Top management and frontline employee participation are critical organizational levels for enhancing participative management approaches and ultimately increasing financial performance for all foodservice firms.

Originality/value The value of this study is the consideration of the impact of participation by degree across four hierarchical levels on firm performance and plan execution success.

Keywords Participative management, Restaurants, Strategy implementation, Organizational size, Performance, Management styles, Management strategy

Paper type Research paper

International Journal of Contemporary Hospitality Management
Vol. 23 No. 6, 2011
pp. 719-738

0959-6119
DOI 10.1108/09596111111153448

Introduction

Directive and participative management style in decision making and the strategy implementation process has been an area of research interest for a long time in the

management literature. While some past hospitality strategic management studies were based on strategy formulation, strategy structure-debate or environmental scanning, only a few studies have been based on directive or participative approaches in the strategic process and implementation in the hospitality industry (Dev and Olsen, 1989; Harrington, 2004; Okumus, 2001; Parsa, 1999; Schmelzer and Olsen, 1994).

While managers of all types have been shown to prefer more directive management styles due to time constraints and ease of decision making (Nutt, 1989), researchers have argued for the benefits of participative management as a method for increasing information processing, utilizing knowledge dispersed across the organization, providing more alternatives, facilitating opportunity recognition, and to avoid having good ideas overlooked (Barringer and Bluedorn, 1999; Nonaka, 1988; Harrington and Ottenbacher, 2009). Therefore, this study builds on past studies and examines the relationship between organizational members' involvement and the degree of participation in decision making and strategy implementation process in the foodservice industry.

The relationship between organizational structure, directive or participative management style, hierarchical level of participation, implementation success and financial performance are investigated. Some of the objectives of this study include the following:

- to examine the relationship between management hierarchical level of involvement and organizational structure;
- to determine the relationship between participative management style, strategy implementation success, and financial performance; and
- to investigate the differences between the degree of overall participation on strategy implementation success, and financial performance.

While much research has looked at the participation issue, little has been done to assess the relationship among the level of involvement at a variety of organizational levels and the impact of the degree of participation on firm performance (Cleland and Ireland, 2006; Li and Simerly, 1998).

Literature review

As changes in the economy and in the hospitality industry continue to transpire, managers in the foodservice industry should be prepared to continuously enhance their strategic decision-making skills. Decision making is one of the many skills managers and leaders employ on a daily basis regardless of their leadership style. However, it is common knowledge that decision-making strategy varies from one manager to another depending on the leadership style or styles employed by the manager. A manager that predominantly employs a directive leadership style is likely to restrict the involvement of his or her subordinates in strategic decision making than a manager who predominantly employs a participative leadership style (Northouse, 2004).

Directive leadership style is characterized as a leadership style where leaders instruct subordinates about what is to be done, how is to be done, and when is to be done (Mintzberg *et al.*, 1998). A directive leader clearly makes decisions, sets standards of performance, and makes them clear to subordinates. While a major potential benefit of directive leadership style includes its ability to get the job done (Ogbeide *et al.*, 2008), a number of advantages have been purported for this top-down approach. Less

complex situations and environments where time constraints are an issue have been suggested as situations where directive leadership may be effective (Bourgeois and Brodwin, 1984; Nutt, 1989). Of course, this belief is based on several assumptions:

- environmental cause-and-effect relationships can generally be understood (Mintzberg, 1973);
- any knowledge needed to understand these relationships is not specific to other areas of the organization (Cloudhury and Sampler, 1997); and
- lower levels of the firm are willing to accept directives from above (Bryson and Bromiley, 1993).

In contrast, participative leadership is characterized as a leadership style where leaders invite subordinates to share in the decision making. A participative leader confers with subordinates and integrates their suggestions, ideas and opinions into the decision-making process (Northouse, 2004). Some of the potential benefits of participative leadership (management) style include its positive impact on employees' motivation/satisfaction, its ability to get the job done, and its likelihood to increase quality decision making (Ogbeide *et al.*, 2008; Smylie *et al.*, 1996).

Decision making has been an area of study from a variety of perspectives. Earlier studies indicate decision-making process tactics can be categorized into three primary types and are identified as:

(1) analysis tactics;

(2) judgment tactics; and

(3) participative tactics.

Harrington and Ottenbacher (2009) considered how managers in the hospitality industry make significant organizational decisions and how this process is impacted by contextual features. The study found direct and interacting relationships among several contextual features with decision-making tactics. Key contextual features included decision urgency, risk level, complexity, dynamism, level of decision maker, and internal or external support/opposition. While this study pointed out many of the relationships among context and process, it also pointed to the importance of a participative approach to the decision process success when used in hospitality and other high-contact service business sectors.

Despite some of the advantages of participative management style, the breadth and depth of organizational members' participation or involvement in the strategic process varies from one organization to another (Harrington, 2004). Breadth of involvement relates to the opportunity to gain knowledge from business units, departments, project teams, and stakeholders of the organization (Forbes and Milliken, 1999). Depth of involvement relates to involvement through organizational hierarchy (from the upper management to frontline employees) (Barringer and Bluedorn, 1999). Past studies on the relationship between the breadth of involvement and implementation success is not clear and can be described as mixed (Simons *et al.*, 1999). Thus, further hospitality studies are needed in this regard to examine the relationship between breadth of involvement and implementation success in the hospitality industry. Similarly, due to the discrepancies in the measurement of the depth of involvement (Harrington, 2004),

the value of hospitality studies with a complete measurement of hierarchical involvement cannot be understated.

Based on a synthesis of research in the strategic management and innovation areas, Ottenbacher and Harrington (2008) provided a matrix defining four categories of influence distribution or involvement types during the strategic decision-making process. These types are defined by the level of depth and breadth of involvement within and across an organization. These two collective processes have been suggested as ways for teams to utilize more heterogeneity in their backgrounds under the assumption that the team will make better strategic decisions. The basic idea is that diversity in specific knowledge will provide more information, a better understanding of the situation and more alternatives (e.g. Forbes and Milliken, 1999; Simons *et al.*, 1999). The possible downside of this more collective approach is that, if not properly managed, teams will have more dissention and in some cases be unable to reach a consensus (e.g. Dooley and Fryxell, 1999).

Several studies in the hospitality literature have indicated a relationship between higher level of involvement of organizational members and higher firm success (Chorengel and Teare, 1994; Harrington, 2004, 2005; Okumus, 2003; Schmelzer and Olsen, 1994; Teare *et al.*, 1998). However, these studies were based on case studies, qualitative approaches, small sample sizes or conceptual fashions that need further study for a better substantiation. This study draws from the previous research but employs a quantitative research method and a larger sample size to examine the relationship between participative management style and organizational structures as it relates to the degree of participation, implementation success and financial performance.

Definitions

The concept of involvement has been used to describe a variety of concepts in the literature (e.g. Gursoy and Gavcar, 2003; Nutt, 1989; Varki and Wong, 2003). For this study, we follow the earlier work of Barringer and Bluedorn (1999) and define involvement as the level of participation by members of organizational levels during the action plan decision making and implementation. A related concept in this study is the degree of participative management style. Where the level of involvement in this study considers the level for each organizational level (upper, middle, lower management and frontline employees), degree of participation in this study taps into concepts of breadth and depth of involvement. Therefore, the degree of participation is defined as the collective level of involvement across and within the firm, ranging from minimal to robust participation.

Organizational structure and size are long studied variables of interest in business research. Typical measures include sales, assets, and number of employees (Harrington, 2004; Hart and Banbury, 1994). Because earlier researchers have indicated unique differences for the restaurant industry due to the number of geographically dispersed units (Bradach, 1997; Ritchie and Riley, 2004), this study defines structure/size by number of units in the firm (single versus multiple).

In this study, the strategy implementation process relates (primarily) to strategic means rather than strategic ends. Strategic ends apply to *what* an organization intends to achieve and, therefore, applies to a firm's strategic plan such as missions, goals and objectives. Strategic means are defined as *how* an organization intends to achieve its

mission, goals and objectives. Strategic means are generally described as policies, projects, programs and action plans. These strategic endeavors are more closely tied to strategy implementation (Brews and Hunt, 1999). Because this study considers involvement and degree of participation at all foodservice firm levels (from frontline staff to top management), the authors assume the findings are more applicable to tactical issues of strategy implementation. This presumption is a boundary condition of the current study and is an under-researched area in general business (Cleland and Ireland, 2006) and hospitality (Harrington and Ottenbacher, 2009).

Hypotheses

Organizational structure/size and level of involvement

Larger foodservice organizations are generally composed of an organizational structure that is characterized by multiple units that are geographically dispersed in terms of location, and more hierarchical levels. Although past studies on the relationship between the level of involvement and an organization's size is not clear due to discrepancies in the conceptualization and measurement of involvement (Dalton *et al.*, 1998; Harrington, 2005; Simons *et al.*, 1999), it would seem logical to assume that the larger your organizational structure is (in terms of the number of units) the greater the level of involvement per business unit, departments, project teams, and stakeholders of the organization. The rationale behind this argument is that larger organizational structures create more internal complexity (Ashmos *et al.*, 2002), a requirement for greater information transference across and within the larger structure, and information creation occurring within the levels of top management, middle management and operational-level actors (Nonaka, 1988).

Past studies on the relationship between the level of involvement and firm size is not clear due to discrepancies in the conceptualization and measurement of involvement (Dalton *et al.*, 1998; Harrington, 2006; Sharfman and Dean, 1997; Simons *et al.*, 1999). According to Barringer and Bluedorn (1999), depth of involvement can be measured in two ways: level of involvement and equality of involvement. This study draws from Barringer and Bluedorn's (1999) concept of depth of involvement as the measure of the level of involvement. The idea behind this concept is to assess the level of involvement at multiple hierarchical levels of the organization (e.g. upper management, middle management, lower management, and frontline employees). Most studies that examine the level of organizational involvement did so using either a summed score or average score (Barringer and Bluedorn, 1999; Chakravarthy, 1987; Lindsay and Rue, 1980; Nutt, 1989; Papadakis *et al.*, 1998). While a summed score or an average score might provide a valuable measure of involvement, it does not provide an adequate and complete representation of the extent to which participants from different hierarchical levels of an organization are involved (Barringer and Bluedorn, 1999; Harrington, 2004).

Therefore, this study builds on previous studies with *H1a-H1d* focused on the level of involvement for each organizational level. Since this relationship has not been wholly tested in earlier studies, we hypothesize that a larger organizational structure in the foodservice industry will require a greater level of involvement at all organizational levels per business units and departments. Formally stated:

H1a. Larger organizational structure will utilize strategic processes with higher level of involvement of upper managers.

H1b. Larger organizational structure will utilize strategic processes with higher level of involvement of middle managers.

H1c. Larger organizational structure will utilize strategic processes with higher level of involvement of lower managers.

H1d. Larger organizational structure will utilize strategic processes with higher level of involvement of frontline employees.

Degree of participation on organizational performance

Past studies have indicated a relationship between organizational performance and the level of involvement (Ashmos *et al.*, 2002; Cloudhury and Sampler, 1997; Harrington, 2005). Specifically, the literature suggests that a participative leadership approach can be used to increase information processing, utilize knowledge dispersed across the organization (Nonaka, 1988; Nutt, 1989), provide more alternatives (Eisenhardt, 1989), facilitate opportunity recognition (Barringer and Bluedorn, 1999), and avoid having good ideas overlooked (Burgelman, 1988). This leadership style has been supported in the decision-making literature, where researchers have indicated that decision-making teams should develop decision-making processes that feature more participation and diversity in team member backgrounds. This tactic has been shown to provide more flexibility, creativity, and openness to new ideas (Eisenhardt, 1989; Krishnan *et al.*, 1997; Sharfman and Dean, 1997). Specific to hospitality, Harrington (2004, 2005) examined the relationship between involvement and implementation success by using the firm size, number of units, and the level of involvement as determinants of organizational performance.

While these earlier studies provide evidence of relationships between more participative leadership styles and organizational performance, it does not provide an adequate and complete representation of the impact of the degree of participation or involvement on organizational performance. Hence, this study focuses on the extent to which the degree of participation at a variety of the hierarchical level affects organizational performance. This approach takes into account the breadth and depth of involvement in calculating the degree of participation. We took this approach because breadth and depth of involvement varies from one organization to another, and organizational hierarchy varies from one ownership type to another due to size and complexity (Harrington, 2004). Therefore, some organizations (e.g. large organizations) might require more breadth or depth of involvement than the others (e.g. small organizations), without necessarily jeopardizing strategy implementation success.

Although this relationship has not been critically tested in the foodservice industry, we hypothesize that there is no difference in strategy implementation success between small and large organizations. However, based on earlier general support for more participative styles leading to success (Nonaka, 1988; Nutt, 1989), this study hypothesizes that higher degrees of participative management style within a competitive set (groups of competing foodservice segments to which similar foodservice operating performance is compared) will result in higher firm performance. Formally stated:

H2a. No difference in strategy implementation success between small and large organizations.

H2b. No difference in overall profitability/financial performance between small and large organizations.

H3a. Foodservice organizations with higher (lower) degree of participative management style will achieve higher (lower) implementation success than their competitive sets.

H3b. Foodservice organization with higher (lower degree of participative management style will achieve higher (lower) overall profitability/financial performance than their competitive sets.

Methodology

The population for this study is membership in a state restaurant association in the Southern USA. The sample selection for this study was a random sample of 1,600 members. The survey instrument utilized for this study was adapted from previous studies (Barringer and Bluedorn, 1999; Brews and Hunt, 1999; Harrington, 2004; Nutt, 1989). The questionnaire is made up of:

- some forced-choice questions regarding management implementation tactics, foodservice segments, organizational structure, ownership type, and educational level;
- some "fill in the blank" questions regarding the total number of employees in the organization, and the official title of the respondent;
- a five-point scale, which ranged from 1 "Low" to 5 "Top", was used to measure organizational performance; and
- a ten-point scale, which ranged from 1 "No/Low/Little" to 10 "High/Very", was used to measure the environmental factors impacting the foodservice industry, implementation success, and the hierarchical categories of employees involved in the strategy implementation process.

Measurements

Controls. In this study two variables were included as controls: size and restaurant segment. These two variables were included in regression tests for *H2* and *H3* to partial out any effects derived from organizational size and membership in a particular segment.

Organizational size. While size has been conceptualized in a variety of ways in the literature, organizational size was defined as the number of full-time equivalent employees in the firm. The number of employees as operationalized as the natural log of total FTEs for each firm. Because organizational size ranged from 56 to 50,000 FTEs in the sample organizations, firm FTEs were transformed to the natural log of total employment to constrain the range for statistical analysis (Hart and Banbury, 1994).

Organizational structure. Organizational structure was based on two categories:

(1) single-unit organizations; and

(2) multi-unit organizations.

These choices were coded 1 for single-unit and 2 for multi-unit for hypothesis testing.

Industry segment membership. Based on the NRA's *Annual Industry Operations Report* (National Restaurant Association, 2010), the restaurant industry segment

membership provides varying degrees of profitability. Because the performance measures used in this study did not use accounting data as measures of profitability, the measures of performance minimized the impact of restaurant segment membership on performance assessment by participants in this study. To partial out restaurant segment effects from relationships of interest in this study, restaurant segment membership was included as a control variable. As part of the survey, respondents identified the primary segment of their firm. These segments were categorized into four areas following earlier research: QSRs, casual restaurants, fine-dining restaurants and other (Hu *et al.*, 2008). Dummy coding was used to create four dummy control variables, each variable representing membership in one of these four segment categories. For example, for the QSR dummy, participants that indicated their firm's primary restaurant segment fell within this category were coded as "1". Those that indicated membership in one of the other three categories were coded as "0". Therefore, each dummy control variable compares the defined reference group's performance (restaurant segment membership) to that of the non-reference group (membership in one of the other restaurant segments).

Level of involvement. The level of involvement was based on the work of Barringer and Bluedorn (1999). It was measured by assessing the level of involvement of the top management, middle management, lower management and frontline employee during the implementation of strategy. Participants rated involvement at each hierarchical level within their respective organization using a ten-point scale. This involvement variable included an analysis of the main effects for four organizational levels (in both between group tests and regression tests) as well as the two-way, three-way and four-way interaction effects (in regression tests for *H2* and *H3*). Using a hierarchical approach, involvement main effects were entered in the regression equation by ascending organizational-level. In other words, top management main involvement level was entered first followed by middle management, lower management and frontline employee (respectively). Involvement from higher organizational levels to lower levels was based on the assumption that, in general, higher organizational levels have greater responsibility for and impact on strategic endeavors. And, as goals and action plans move to lower organizational levels, these become more tactical in nature (Quinn, 1980). Thus, the main effect of higher management involvement levels is partialled out from the impact of lower organizational level involvement in strategy implementation.

Performance measures

Implementation success. Respondents used ten-point scale (1 "not at all successful" and "10 very successful") to rate how successful they perceived the most recent strategy-implementation process in which they were involved. This measure represents a shorter-term performance measure as a result of the specific strategy implementation process.

Overall profitability/financial performance. Respondents were asked to rank their organization's overall profitability and financial performance relative to their competitive set. The ranking of the organizations' overall profitability and financial performance was based on a five-point scale (1 lowest 20 percent, 3 middle 20 percent, and 5 top 20 percent) compared with peers/competitors in their primary foodservice segment (Brews and Hunt, 1999). These performance measures assess longer-term results of firm strategies and competitive abilities based, in part, on management or leadership style of the firm.

Prior to a discussion about our findings, it is important to note that the authors are very mindful of the importance of appropriate measurement of organizational performance in service organizations (Atkinson and Brown, 2001). Hence, it is essential to discuss a rationale for using self-reported performance measures (subjective measures) rather than more objective profitability measures (e.g. ROA, ROS, ROI, etc.). Published accounting profitability measures provide an evaluative referent that provides an indication of past and present organizational success as well as an assessment of available resources for future use by the firm (Keats and Hitt, 1988; Li and Simerly, 1998). For research in the foodservice industry, these profitability measures present three key constraints. First, because a substantial proportion of all US restaurants are independent units (National Restaurant Association, 2010), the exclusive use of publicly available accounting measures would create a bias toward corporate-owned, publicly traded companies. Second, earlier authors have pointed out the timeframe problem with the use of accounting performance. Specifically, researchers have indicated a four- or five-year lag to see results from changes in strategic processes and management styles (e.g. Bracker and Pearson, 1986; Brews and Hunt, 1999). Finally, because studies show a substantial difference in profitability norms across segments within foodservice (e.g. QSR versus full service) (National Restaurant Association, 2010), any results in this regard may be derived more from intra-industry differences rather than due to management or leadership styles. In addition, the authors decided to use subjective measures because its accuracy does not vary broadly from the objective measures and may offer a better outlook of organizational success in the long term (Asree *et al.*, 2010; Pizam and Ellis, 1999).

Therefore, while the authors acknowledge that the use of self-reported measures raises the possible concern for bias, earlier studies have indicated that comparative relationships and interactions, such as those used in this study, are relatively unaffected by mono-method bias distortions (Dooley and Fryxell, 1999; Kerlinger, 1986). In addition, information on organizational performance and involvement levels of the population of interest are difficult to obtain. Thus, the research objectives in this study necessitate the use of self-reported performance measures.

Data analysis

Table I presents the means, standard deviations and intercorrelations of the study variables. The variables are only moderately correlated indicating no issues associated with multicollinearity. SPSS was used to test differences between groups (small and large firm structure) as well as all direct and moderating effects utilizing hierarchical regression. Each test used a performance measure as the dependent variable.

Independent-sample *t*-tests were used to assess whether the means of two groups (multi-units versus single-unit) statistically differ from each other in terms of depth of involvement. Independent sample *t*-tests were also used to assess whether the means of the implementation success and the overall profitability/financial performance differ per degrees of involvement. Bivariate correlation coefficient was used to assess the following:

- the relationship between organizational structure and degree of participation;
- the relationship between ownership type and degree of participation; and
- relationships between the degree of involvement and organizational performance (implementation success and the overall profitability/financial performance).

Table I.
Correlations and descriptive statistics

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. LN of FTEs	3.82	1.70	1											
2. QSR	0.17	0.38	−0.02	1										
3. Casual	0.29	0.46	−0.03	−0.29**	1									
4. Fine dining	0.11	0.32	0.04	−0.16**	−0.23**	1								
5. Other	0.40	0.49	0.01	−0.37**	−0.52**	−0.29**	1							
6. Top management involvement	8.72	1.96	0.07	−0.03	0.12*	−0.04	−0.05	1						
7. Mid-management involvement	7.65	2.33	0.29**	−0.15*	0.12*	−0.11	0.06	0.30**	1					
8. Lower management involvement	6.38	2.93	0.13*	−0.06	0.05	−0.08	0.04	−0.04	0.62**	1				
9. Frontline employees' involvement	6.12	3.08	0.04	−0.09	0.04	−0.08	0.08	0.04	0.48**	0.72**	1			
10. Implementation success	7.26	1.79	0.14*	−0.08	0.03	−0.03	0.05	0.27**	0.28**	0.24**	0.24**	1		
11. Profits	3.61	1.16	0.29**	−0.01	−0.12*	−0.09	0.16**	0.14*	0.22**	0.10	0.15*	0.35**	1	
12. Overall success	3.86	1.04	0.27**	−0.01	−0.13*	−0.04	0.13*	0.15*	0.10	−0.01	0.09	0.27**	0.80**	1

Notes: *Correlation is significant at the 0.05 level (two-tailed); **correlation is significant at the 0.01 level (two-tailed)

For the hierarchical regression, Step 1 of each hierarchical test entered the control variables of the restaurant segment membership first. Step 2 added the involvement variables in a hierarchical order. Step 3 included all two-way, three-way and four-way interactions.

Results

Of 1,600 surveys, 424 (26.5 percent response rate) were returned, of which 324 responses were usable, containing all information. This response rate is similar to other studies of a similar population (Dev and Olsen, 1989; Jogaratnam, 2002). However, in order to minimize the possibility of non-response error, foodservice segment characteristics of the sample were compared with the association membership, percentages by ownership-type and numbers of units were compared between our sample and the National Restaurant Association, and all firms that responded were sent a second copy and asked to have a second informant respond to the survey. Overall, these findings indicated minimal effects due to non-response bias, ensure inter-rater reliability of the environment and organizational processes, and increase the external validity beyond the borders of this sample.

Respondent's profile

The respondents were asked to indicate the type of firm and ownership that best describes their foodservice segment: 38.2 percent were defined as franchise-operated firms or multiunit company, and 61.8 percent were single-unit firms. As regards the type of firm ownership, 8.5 percent were defined as public corporations, 16.6 percent partnerships, 20.4 percent sole proprietorship, and 54.5 percent private corporations. Of the respondents used in this study, purveyor, 18.1 percent were categorized as quick service restaurants, 30.5 percent as casual restaurants, 11.4 percent as fine dining, and 41.1 percent other (catering, casinos, golf clubs, onsite foodservice, etc.) (see Table II).

Hypotheses testing

Tests of *H1a* and *H1d* provided no support (see Table III). There was no significant difference between the means of large and small organizations in terms of the level of involvement by upper management (p 0.08) (large (mean 7.86, SD 2.42) versus small (mean 8.33, SD 2.29)). The findings also indicated no significant difference between the means of large and small organizations in terms of the level of involvement by frontline employees ($p < 0.18$) (large (mean 6.35, SD 2.95) versus small (mean 5.89, SD 3.22)).

Tests of *H1b* and *H1c* provided strong support (see Table III). There was a significant difference between the means of large and small organizations in terms of the level of involvement by two organizational levels. The findings indicated a significantly higher level of involvement for middle management ($p < 0.01$) (large (mean 8.02, SD 1.97) versus small (mean 7.01, SD 2.79)) and lower management (p 0.02) (large (mean 6.66, SD 2.78) versus small (mean 5.86, SD 3.13)).

The result of *H1a-H1d* indicated that larger organizational structures do not necessarily require a greater level of involvement at all organizational levels per business units and departments to utilize strategic processes compared with smaller organizational structures. However, larger organizational structures require a higher level of involvement by their middle and lower management levels to utilize strategic processes.

	Percent
Foodservice segment	
Quick service	18.1
Casual dining	18.5
Midscale	12.6
Fine dining	14.1
Food/foodservice purveyor	6.3
Retail food business	5.2
Onsite foodservice	2.6
Others (catering, casinos, golf clubs, etc.)	22.6
Total	100.0
Type of firm	
Single unit	61.8
Multi unit	38.2
Total	100.0
Level of education	
High school	9.0
Technical program	4.3
Some college	24.9
Associate degree	2.2
Bachelor's degree	45.5
Master's degree	12.0
Others (PhD, JD, etc.)	2.1
Total	100.0
Type of ownership	
Sole proprietorship	20.4
Partnership	16.6
Private corporation	54.5
Public corporation	8.5
Total	100.0

Table II.
Profile of respondents

	Single/multi unit[a]	*n*	Mean	SD	*t* test value
LOI of upper management	1	183	8.33	2.29	0.08
	2	130	7.86	2.42	
LOI of middle management	1	181	7.01	2.79	<0.01
	2	129	8.02	1.97	
LOI of lower management	1	175	5.86	3.13	0.02
	2	123	6.66	2.78	
LOI of frontline employees	1	208	5.89	3.22	0.18
	2	139	6.35	2.95	
Implementation success	1	210	7.02	1.91	0.09
	2	140	7.36	1.74	
Financial performance	1	215	3.34	1.15	<0.01
	2	136	3.90	1.14	

Note: [a]1 indicates a single unit, 2 indicates a multi unit

Table III.
Differences between large and small organizations in terms of level of involvement (LOI) and organizational performance

The results from tests of *H2* are shown in the lower section of Table III. In test 2, *H2a* was supported. There was no difference in strategy implementation success between small and large organizations.

This finding indicated that strategy implementation success is not dependent on the size of an organization. Therefore, some organizations might require more breadth or depth of involvement than others and vice versa, without necessarily jeopardizing strategy implementation success.

H2b was not supported; there was a significant difference in overall profitability/financial performance between small and large organizations. These findings indicated a significantly higher level of performance by large firms ($p < 0.01$, mean 3.90, SD 1.14) as compared to small firms (mean 3.34, SD 1.15). These findings suggest that there are other moderating factors apart from strategy implementation success within large foodservice organizations that affect overall profitability/financial performance.

The results from tests of *H3a* and *H3b* are shown in Tables IV and Table V.

In tests of the impact of the main effects of level of involvement by each organizational level (Table III, step 2), foodservice organizations with a higher degree

Variable	Step 1	Step 2	Step 3
Test 1: Dependent variable = implementation success			
Controls			
ln FTEs	0.14**	0.08	0.07
QSR	0.05	0.03	0.08
Casual	0.05	0.01	0.01
Fine dining	0.04	0.01	0.01
Other	0.02	0.01	0.01
Main effects			
Top management (TM)		0.26****	0.96****
Middle management (MM)		0.02	0.78
Lower level management (LL)		0.15	0.16
Frontline employees (FL)		0.12	0.52
Interactions			
TM × MM			1.12
TM × LL			0.57
TM × FL			0.49
MM × LL			0.51
MM × FL			0.08
LL × FL			1.49
TM × MM × LL			0.71
TM × LL × FL			2.53
MM × LL × FL			2.07**
TM × MM × LL × FL			3.17**
R^2	0.03	0.15	0.24
ΔR^2		0.12	0.09
ΔF	1.23	8.27****	2.48****
F (df)			3.55**** (19,238)

Notes: All betas are standardized. *$p < 0.10$; **$p < 0.05$; ***$p < 0.01$; ****$p < 0.001$ (two tailed)

Table IV. Moderated multiple regression analysis: implementation success (*H2*)

Variable	Step 1	Step 2	Step 3
Test 2: Dependent variable = overall profitability			
Controls			
ln FTEs	0.24****	0.19	0.19***
QSR	0.08	0.04	0.06
Causal	0.16	0.18	0.19
Fine dining	0.18	0.14	0.10
Other	0.09	0.09	0.11
Main effects			
Top management (TM)		0.14**	0.41
Middle management (MM)		0.14	1.16*
Lower level management (LL)		0.15	0.19
Frontline employees (FL)		0.20**	0.11
Interactions			
TM × MM			1.05
TM × LL			0.27
TM × FL			0.62
MM × LL			1.73
MM × FL			0.38
LL × FL			1.14
TM × MM × LL			1.15
TM × LL × FL			1.10
MM × LL × FL			0.32
TM × MM × LL × FL			0.56
R^2	0.07	0.14	0.18
ΔR^2		0.07	0.04
ΔF	3.45***	4.41****	0.91***
F (df)			2.36*** (19,227)

Table V.
Moderated multiple regression analysis: overall profitability (*H3*)

Notes: All betas are standardized. *$p < 0.10$; **$p < 0.05$; ***$p < 0.01$; ****$p < 0.001$ (two tailed)

of participative management style at the top management level achieved higher implementation success (β 0.26, $p < 0.001$). With organization size and industry segment membership partialled out from the main effect of top management involvement, the main effect of top management involvement explained a significant amount of additional variance (ΔR^2 0.15, $p < 0.001$). Finally, when the interaction terms are added (step 3, regression test 1), three terms were significant and explained an additional amount of the variance in implementation success (ΔR^2 0.09, R^2 0.24, $p < 0.001$). The top management main effect increased (β 0.96, $p < 0.001$), the three-way interaction term (middle management × lower management × frontline employees) was significant (β 2.07, $p < 0.05$), and four-way interaction was significant (β 3.17, $p < 0.01$). These findings taken together provide partial support for *H3a*: top management involvement had a significant impact and the interaction among all four hierarchical levels had a significant relationship with implementation success.

H3b was also partially supported (Table V). With organization size and industry segment membership entered as control variables, foodservice organizations with a

higher degree of participative management style at the top management and frontline levels had significant and positive effects on overall profitability and financial performance compared to their competitive sets. The main effects of top management involvement (β 0.14, $p < 0.05$) and frontline employee involvement (β 0.20, $p < 0.05$) explained a significant amount of additional variance (ΔR^2 0.07, $p < 0.001$) than organization size and industry segment membership alone. When the interaction terms were added (step 3, regression test 2), organization size remained as the main significant predictor of overall profitability (β 0.19, $p < 0.01$).

Discussions and conclusions

This study considered the relationship among management hierarchical levels of participation during action plan implementation, organizational structure (single and multi-unit firms) and performance. The results indicate that larger organizational structures (multi-unit firms) do not necessarily require a greater level of involvement at all organizational levels per business units and departments to utilize strategic processes compared with smaller organizational structures (single-unit firms). However, larger organizational structures require higher levels of involvement by middle and lower management levels to successfully utilize strategic processes. These findings seem to imply that the strategic implementation process in organizations with larger structure require a greater level of involvement of middle and lower management.

Because there was no difference in the level of involvement by upper management or frontline associates for large or small foodservice firms, this finding indicates that foodservice firms in our study utilized a similar participative management style for these two key organizational levels. An implication of this finding is that the level of involvement at these two levels has become institutionalized across foodservice firms. This institutionalization may be the result of a traditional top-down view of leadership in the field coupled with two decades of firms implementing the empowerment concept to enhance customer satisfaction and service recovery. While this may be the case, it still remains a question as to whether or not individual firms in the foodservice field are able to implement a higher level of involvement or participative management style to achieve competitive advantage during the action plan implementation process.

While earlier studies have suggested that managers prefer to use low involvement methods in action plan implementation (e.g. Nutt, 1989), this study also supported the notion that greater levels of involvement by a variety of management levels were related to greater strategy implementation success and financial performance. Where the relationship between level of involvement and greater implementation success appears to be tied directly to successful outcomes of specific project implementation, the more long-term relationship with financial performance appears to be partially derived through more participative approaches and may result through a lag effect from higher success in project implementation accumulating over time.

The degree of overall participation across four organizational levels also provided an interesting and original finding. In general, the results provide support for higher strategy implementation success and financial performance. Firms utilizing higher levels of organizational participation outperformed firms using a low participative style. This relationship appears consistent across small and large firms and across foodservice sectors. The finding that, regardless of the size of a foodservice

organization, the higher the degree of participative management style resulted in higher implementation success, higher overall profitability, and financial performance was not surprising as it supports similar studies in the area.

Implications

This research finding indicated that higher top management participatory approaches are important to enhance financial and strategy implementation success regardless of firm size. The interaction of participation by all levels of the firm is a useful approach to increase the likelihood of strategy implementation success. Top management and frontline employee participation are critical organizational levels for enhancing participative management approaches and ultimately increasing financial performance for all foodservice firms.

As suggested by earlier theorists in the strategic process, leaders should consider the power and politics distribution throughout the organization when designing a strategy-making process. Leaders need to assess organizational actors' unwillingness to accept decisions that are pushed down upon them from up above, their power to resist or ignore these decisions, the complexity of the situation and the time constraints in the implementation process (e.g. Ansoff, 1987; Bourgeois and Brodwin, 1984; Nutt, 1989). In general, foodservice organizations are urged to practice a higher degree of participative management style with regard to decision making for better implementation success and financial performance, but tempered with a strong center of leadership.

With regard to educational implications, our finding supports the value of including a leadership course or courses to reinforce the importance of different leadership styles and theories to prepare students for future careers in hospitality management.

Study limitations and future research

This study has several limitations. The sample was drawn from a specific region in the USA; therefore, the findings may not be generalizable to other geographic locations. Although we attempted to minimize the potential for non-response bias and to ensure inter-rater reliability of responses in this study, these potential threats to validity cannot be totally ruled out. Further, for causality to be inferred, it requires the manipulation of one or more independent variables and the use of controls to minimize any effects of nuisance variables (Kirk, 1995). This situation is rarely the case in real-life situations such as the data derived in this study. Consequently, this represents an important limitation of this study and results must be interpreted with caution.

Future research should be designed to expand the assessment of participative management styles for greater detail and to determine if the degree of participative management varies by situation (e.g. strategic, tactical or operational decisions). One approach for this assessment is to utilize scenarios of organizational decisions and implementation as a method to capture rich descriptions of management processes. While this study assessed performance using two dimensions, future research should utilize a "balanced scorecard" approach to performance or assess additional relationships between participative impacts on growth, knowledge management, innovation capabilities, employee turnover, and development of approaches to speed good decision-making. Further, more research should be conducted to determine how managers at varying levels understand their communication practices and the effect it

has on firm performance as well as to determine the best practices that facilitate effective communication, participation and decision making both across and within foodservice firms.

References

Ansoff, H.I. (1987), "The emerging paradigm of strategic behavior", *Strategic Management Journal*, Vol. 8, pp. 501 15.

Ashmos, D.P., Duchon, D., McDaniel, R.R. Jr and Huonker, J.W. (2002), "What a mess! Participation as a simple managerial rule to 'complexify' organizations", *Journal of Management Studies*, Vol. 39 No. 2, pp. 189 206.

Asree, S., Zain, M. and Razalli, M.R. (2010), "Influence of leadership competency and organizational culture on responsiveness and performance of firms", *International Journal of Contemporary Hospitality Management*, Vol. 22 No. 4, pp. 500 16.

Atkinson, H. and Brown, J.B. (2001), "Rethinking performance measures: assessing progress in UK hotels", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 3, pp. 128 35.

Barringer, B.R. and Bluedorn, A.C. (1999), "The relationship between corporate entrepreneurship and strategic management", *Strategic Management Journal*, Vol. 20 No. 5, pp. 421 44.

Bourgeois, L.J. III and Brodwin, D.R. (1984), "Strategic implementation: five approaches to an elusive phenomenon", *Strategic Management Journal*, Vol. 5, pp. 241 64.

Bracker, J.S. and Pearson, J.N. (1986), "Planning and financial performance of small, mature firms", *Strategic Management Journal*, Vol. 7, pp. 503 22.

Bradach, J.L. (1997), "Using the plural form in the management of restaurant chains", *Administrative Science Quarterly*, Vol. 42 No. 2, pp. 276 303.

Brews, P.J. and Hunt, M.R. (1999), "Learning to plan and planning to learn: resolving the planning school/learning school debate", *Strategic Management Journal*, Vol. 20 No. 10, pp. 889 913.

Bryson, J.M. and Bromiley, P. (1993), "Critical factors affecting the planning and implementation of major products", *Strategic Management Journal*, Vol. 14, pp. 319 37.

Burgelman, R.A. (1988), "Strategy making as a social learning process: the case of internal corporate venturing", *Interfaces*, Vol. 18, pp. 74 85.

Chakravarthy, B.S. (1987), "On tailoring a strategic planning system to its context: some empirical evidence", *Strategic Management Journal*, Vol. 8, pp. 517 34.

Chorengel, S. and Teare, R. (1994), "Developing a responsive global network of Hyatt Hotels & Resorts", in Teare, R. and Olsen, M.D. (Eds), *International Hospitality Management: Corporate Strategy in Practice*, Pitman/Wiley, New York, NY, pp. 339 45.

Cleland, D.I. and Ireland, L.R. (2006), *Project Management: Strategic Design and Implementation*, McGraw Hill Professional, Whidbey, CA.

Cloudhury, V. and Sampler, J.L. (1997), "Information specificity and environmental scanning: an economic perspective", *Management Information Systems Quarterly*, Vol. 2 No. 1, pp. 25 53.

Dalton, D.R., Daily, C.M., Ellstrand, A.E. and Johnson, J.L. (1998), "Meta analytic reviews of board composition, leadership structure, and financial performance", *Strategic Management Journal*, Vol. 19, pp. 269 90.

Dev, C.S. and Olsen, M.D. (1989), "Environmental uncertainty, business strategy and financial performance: an empirical study of the US lodging industry", *Hospitality Education & Research Journal*, Vol. 13 No. 3, pp. 171 80.

Dooley, R.S. and Fryxell, G.E. (1999), "Attaining decision quality and commitment from dissent: the moderating effects of loyalty and competence in strategic decision making teams", *Academy of Management Journal*, Vol. 42 No. 4, pp. 389 402.

Eisenhardt, K.M. (1989), "Making fast strategic decisions in high velocity environments", *Academy of Management Journal*, Vol. 32, pp. 543 76.

Forbes, D.P. and Milliken, F.J. (1999), "Cognition and corporate governance: understanding boards of directors as strategic decision making groups", *Academy of Management Review*, Vol. 24 No. 3, pp. 489 505.

Gursoy, D. and Gavcar, E. (2003), "International leisure tourists' involvement profile", *Annals of Tourism Research*, Vol. 30 No. 4, pp. 906 26.

Harrington, R.J. (2004), "The environment, involvement, and performance: implications for the strategic process of food service firms", *International Journal of Hospitality Management*, Vol. 23 No. 4, pp. 317 41.

Harrington, R.J. (2005), "The how and who of strategy making: models and appropriateness for firms in hospitality and tourism industries", *Journal of Hospitality & Tourism Research*, Vol. 29 No. 3, pp. 372 95.

Harrington, R.J. (2006), "The moderating effects of size, manager tactics and involvement on strategy implementation in foodservice", *International Journal of Hospitality Management*, Vol. 25 No. 3, pp. 373 97.

Harrington, R.J. and Ottenbacher, M.C. (2009), "Decision making tactics and contextual features: strategic, tactical and operational implications", *International Journal of Hospitality and Tourism Administration*, Vol. 10 No. 1, pp. 25 43.

Hart, S. and Banbury, C. (1994), "How strategy making process can make a difference", *Strategic Management Journal*, Vol. 15, pp. 251 69.

Hu, S M., Leong, J.K., Kim, W.G., Ryan, B. and Warde, W.D. (2008), "Senior citizens' perceived service levels in three restaurant sectors", *Journal of Foodservice Business Research*, Vol. 11 No. 2, pp. 202 19.

Jogaratnam, G. (2002), "Entrepreneurial orientation and environmental hostility: an assessment of small, independent restaurant businesses", *Journal of Hospitality &Tourism Research*, Vol. 26 No. 3, pp. 258 77.

Keats, B.W. and Hitt, M.A. (1988), "A causal model of linkages among environmental dimensions, macro organizational characteristics, and performance", *Academy of Management Journal*, Vol. 31, pp. 570 98.

Kerlinger, F.N. (1986), *Foundations of Behavioral Research*, Holt, Rinehart & Winston, Orlando, FL.

Kirk, R.E. (1995), *Experimental Design: Procedures for the Behavioral Sciences*, 3rd ed., Brooks/Cole, Pacific Grove, CA.

Krishnan, H.A., Miller, A. and Judge, W.Q. (1997), "Diversification and top management team complementarity: is performance improved by merging similar or dissimilar teams?", *Strategic Management Journal*, Vol. 18, pp. 361 74.

Li, M. and Simerly, R.L. (1998), "The moderating effect of environmental dynamism on the ownership and performance relationship", *Strategic Management Journal*, Vol. 19, pp. 169 79.

Lindsay, W.M. and Rue, L.W. (1980), "Impact of the organization environment on the long range planning process", *Academy of Management Journal*, Vol. 23, pp. 385 404.

Mintzberg, H. (1973), "Strategy making in three modes", *California Management Review*, Vol. 16 No. 2, pp. 44 53.

Mintzberg, H., Ahlstrand, B. and Lampel, J. (1998), *Strategic Safari*, The Free Press, New York, NY.

National Restaurant Association (2010), *Restaurant Industry Operations Report*, National Restaurant Association and Deloitte & Touche LLP, Washington, DC.

Nonaka, I. (1988), "Toward middle up down management: accelerating information creation", *Sloan Management Review*, Vol. 29, pp. 9 18.

Northouse, P.G. (2004), *Leadership Theory and Practice*, 3rd ed., Sage Publications, Thousand Oaks, CA.

Nutt, P.C. (1989), "Selecting tactics to implement strategic plans", *Strategic Management Journal*, Vol. 10 No. 2, pp. 145 61.

Ogbeide, G.A., Groves, J. and Cho, S. (2008), "Leadership styles of foodservice managers and subordinates' perceptions", *Journal of Quality Assurance in Hospitality and Tourism*, Vol. 9 No. 4, pp. 317 36.

Okumus, F. (2001), "Towards a strategy implementation framework", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 7, pp. 327 38.

Okumus, F. (2003), "A framework to implement strategies in organizations", *Management Decision*, Vol. 41 No. 9, pp. 871 82.

Ottenbacher, M. and Harrington, R.J. (2008), "German culinary innovation processes: differences in involvement and other factors", *Journal of Foodservice Business Research*, Vol. 11 No. 4, pp. 412 38.

Papadakis, V.M., Lioukas, S. and Chambers, D. (1998), "Strategic decision making processes: the role of management and context", *Strategic Management Journal*, Vol. 19, pp. 115 47.

Parsa, H.G. (1999), "Interaction of strategy implementation and power perceptions in franchise systems: an empirical investigation", *Journal of Business Research*, Vol. 45 No. 2, pp. 173 85.

Pizam, A. and Ellis, T. (1999), "Customer satisfaction and its measurement in hospitality enterprises", *International Journal of Contemporary Hospitality Management*, Vol. 11 No. 7, pp. 326 39.

Quinn, J.B. (1980), *Strategies for Change Logical Incrementalism*, Richard D. Irwin, Homewood, IL.

Ritchie, B. and Riley, M. (2004), "The role of the multi unit manager within the strategy and structure relationship: evidence from the unexpected", *International Journal of Hospitality Management*, Vol. 23 No. 2, pp. 145 61.

Schmelzer, C.D. and Olsen, M.D. (1994), "A data based strategy implementation framework for companies in the restaurant industry", *International Journal of Hospitality Management*, Vol. 13 No. 4, pp. 347 59.

Sharfman, M.P. and Dean, J.W. Jr (1997), "Flexibility in strategic decision making: informational and ideological perspectives", *Journal of Management Studies*, Vol. 34 No. 2, pp. 191 217.

Simons, T., Pelled, L.H. and Smith, K.A. (1999), "Making use of difference: diversity, debate, and decision comprehensiveness in top management teams", *Academy of Management Journal*, Vol. 42, pp. 662 73.

Smylie, M.A., Lazarus, V. and Brownlee Conyers, J. (1996), "Instrumental outcomes of school based participative decision making", *Educational Evaluation and Policy Analysis*, Vol. 18, pp. 181 91.

Teare, R.E., Costa, J. and Eccles, G. (1998), "Relating strategy, structure and performance", *International Journal of Contemporary Hospitality Management*, Vol. 10 No. 2, pp. 58 77.

Varki, S. and Wong, S. (2003), "Consumer involvement in relationship marketing of services", *Journal of Service Research*, Vol. 6 No. 1, pp. 83 92.

Corresponding author
Godwin Charles A. Ogbeide can be contacted at: gogbeide@ uark.edu