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TOP MANAGEMENT'S ATTITUDES - BASED SWOT ANALYSIS IN THE CROATIAN HOTEL INDUSTRY

The purpose of the research is to provide an enhanced understanding of the top management team (TMT) members' attitudes about the Croatian hotel industry environment in 1999 and in 2005. Field research was carried out in 1999 and in 2005 utilizing questionnaires. The surveys examined the TMT members' attitudes to the companies' external and internal environments.

SWOT analyses, correlation matrixes, reliability analyses and regression analysis were used to examine the perceived situations and tendencies in this industry.

*The authors' viewpoint is that it is more appropriate to stop at the SWOT analysis and to suggest that top management of hotel companies focus on improving the internal factors in the category **neither strengths nor weaknesses** instead of focusing on the strategies according to the TOWS matrix. This is an essential supposition for the company's effectiveness at building and gaining of competitive positions from which to act on the threat factors from the external environment.*

Scale reliability analysis has shown that the scales are reliable. Regression analysis and testing by means of partial correlation coefficients, used in testing the relation between the environment and the TMT dynamics, have shown that in 1999 there is no significant linear relation between the

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external environment and the TMT dynamics, but that the relation is indirect through the internal environment. In 2005 the same analyses indicates that there is a significant statistical relation between the external and internal environment and the TMT dynamics.

Key words: Top management team, Attitudes, Hotel industry, SWOT analysis, Statistical analysis

Introduction

Situation and tendencies in Croatian hotel industry between 1999 and 2005

The World Tourism Organisation (WTO) estimates that in 2020 the number of international tourist arrivals in the world will reach the figure of 1.56 billion with 717 million international tourist arrivals in Europe¹. This means that Europe will remain the main tourist destination. For the twenty-one Mediterranean countries WTO predicts the number of international tourists to increase to 346 million by 2020 with the Eastern Mediterranean having the highest rate of growth of 4.6% per year². The WTO's forecasts suggest that Croatia is faced with a period of either an increase in accommodation or an extension of the tourist season, and this will define the future corporative strategies of the hotel companies on the Adriatic. The predicted figures also indicate that half of all the overnights in hotel accommodation in Europe are domestic tourism (793 million overnights or 55%), while foreign tourism represents 45% or 659 million overnights. However, a particularly high share of foreign overnights (about 90%) is recorded by Lichtenstein, Luxemburg, Cyprus and Croatia. As to foreign overnights in hotel accommodation, the leaders on the European markets are Spain (with a market share of 20%) then Italy (14%) and France (10%) while Croatia holds the 11th position³.

The tourist potential of the Republic of Croatia is primarily in its coastal zone on the Adriatic, where the hotel industry and its competitiveness have a direct impact on the attractiveness of the tourist supply of products and services offered. Croatian tourism, and especially the hotel industry as its most important

¹ The World Tourism Organisation: «Tourism 2020 Vision», www.worldtourism.org/facts/eng/vision.htm [Accessed 25.10.2005]

² Louis Berger, S.A. (2005): «The European Union's CARDS Programme for Croatia, Master and marketing tourism plan: Region Šibenik-Knin», Section II, (January 2005): 2

³ Hendija, Z.(2005): «Nights spent in hotels in Europe (1993 to 2003)», Tourism (March 2005): 298-299

segment, should focus on increasing business competitiveness; on its re-positioning on the international market; and on the development and diversification of the products and services offered to tourists. The main goal of the national tourist strategy is directing and adjusting all the tourist supply to a higher quality level. One of the priorities is to change the structure of accommodation capacities, and there are Governmental directives to raise the quality level of the existing basic accommodation facilities (hotels, motels, apartment villages) to a minimum of 3 stars and if possible to 5 stars. These directives also require a higher level of complementary accommodation facilities (campsites, private accommodations) at a destination⁴. Moreover, the development strategy of the Republic of Croatia highlights the role of the government which, with its initiatives including creating of favourable legal conditions for investing in hotel real estate and management, will stimulate the entry of international recognized hotel "brands" into the Croatian tourist market. Despite the efforts invested in improving the standard, the Croatian hotel supply, in quality and quantity, is well below that of its Mediterranean competitors. Croatian summer-resort hotels rarely offer an up-to-date selection of types of holiday product and services, but they do offer something which many tourist destinations in Spain, Tunisia and Greece lack, and that is large areas with beautiful scenery with a seaside location⁵.

During the period going from 1999 to 2005, Croatia increased the number of overnights from 27.126.000 in 1999 to 51.105.407 in 2005 (figures available for I-XI 2005), (table 1).

The comparison of the Bureau of Statistics data and those published in the Eurostat Yearbook suggests that of the total number of tourists' overnights realized in the 1999 to 2003 period, from 48% of overnights in 1999 to 42.2% in 2003 occurred in hotels and similar establishments. According to Eurostat Yearbook⁶, the share of foreign overnights in hotels and similar establishments in the Republic of Croatia increased from 75.12% in 1999 to 85.57% in 2003.

⁴ Čačić, I. and Ilišković, S. (2003) «Development strategy of Croatian tourism up to the year 2010», Ministry of sea, tourism, transport and development, Final version, Zagreb, 2003, pp. 32

⁵ Louis Berger, S.A. (2005): «The European Union's CARDS Programme for Croatia, Master and marketing tourism plan: Region Šibenik-Knin» Section I, (January 2005): 20

⁶ Europe in Figures, Eurostat Yearbook 2005, authors' analysis, (2005):256-257

Table 1

TOURIST TURNOVER IN CROATIA FROM 1999 TO 2005

Year	Tourists' arrivals	Share of foreign tourists in the number of arrivals (in %)	Tourists' overnights (in 000)
1999	5.127	74.20	27.126
2000	7.137	81.70	39.183
2001	7.860	83.26	43.405
2002	8.320	83.46	44.692
2003	8.878	83.45	46.635
2004	9.412	84.00	47.797
2005 (I-XI)	9.857	85.24	51.105

Source: Bureau of Statistics (CROSTAT) RC; data processing of author's research

If this trend continues, Croatia will remain one of several countries with a high share of foreign overnights in the total tourist turnover of the country.

In 1999, in the Republic of Croatia 68.22% of all medium-size and 78.26% of all large companies in the category (section) "Hotels and restaurants"⁷ were situated by the sea. Those companies realized 2.965.226.029 HRK (302.986.429 EUR)⁸ which was 72.9% of the total revenue of the category. The profit before taxation was of 19.083.188 HRK (2.517.697 EUR) or 42.58% of the total profit before taxation in relation to the declared loss before taxation of 930.126.729 HRK (92.61% of the total loss of the category). The group of medium-size and large companies with a seaside location had in 1999 an average of 17.753 employees, which made 77.3% of the employed in this category on average for medium-size and large companies.

By comparison in 2004, in the Republic of Croatia, 69.89% of all medium-size and 84.85% of all large companies in the category "Hotels and restaurants" were situated by the sea. These companies realized 5.684.310.461 HRK (758.396.570 EUR)⁹ of the total revenue, which represents an increase of 91,7% in relation to the year 1999. The realized total revenue contributed was 82.47% of the category total revenue for medium-size and large companies. The profit

⁷ National Classification of Economic Activities, NCEA section: «Hotels and restaurants», Levels of subclasses, NN 98/94, NN 52/03

⁸ Midpoint Exchange rate for Euro of the Croatian National Bank for 1999 (period average, 1 EUR = 7,579622 kn), www.hnb.hr/public/bilten/statisticki_pregled/h9.xls, [Accessed 17.02.2006]

⁹ Midpoint Exchange rate for Euro of the Croatian National Bank for 2004 (period average, 1 EUR = 7,495169 kn), www.hnb.hr/public/bilten/statisticki_pregled/h9.xls, [Accessed 17.02.2006]

before taxation increased by 3.17 in relation to the year 1999 while the loss before taxation in 2004 was of 574.299.150, that is, it was reduced by 61.74% in relation to 1999. In the period observed the average number of employees had not changed significantly in relation to 1999, and in 2004 it was of 17.747 employees. In 2004, investments for medium-size and large companies observed totalled 1.257.831.494 HKN which was 39.53% of the total investments in the category "Hotels and restaurants".¹⁰

SWOT analysis as a tool for a situation analysis

A SWOT analysis has been used here as a means for "unfreezing" the situation, as an analytical methods for a better understanding of the situation in the Croatian hotel industry. The SWOT analysis is a tool for a situation analysis and when used in an appropriate way, it can be a good foundation for strategy formulation. Its basic aim is to identify the opportunities and threats in the external environment and strengths and weaknesses in the internal environment. After the mentioned factors are identified, an internal and an external evaluation are carried out. The internal evaluation examines all the aspects of the organization and deals with for example, strategies and objectives, personnel, facilities, organizational structure, location, products and services in order to identify the company's strengths and weaknesses. The external evaluation focuses on the economical, technological, social, political, legislative, ecological, ethical and competitive environment in order to scan for opportunities and threats within which the company acts. The challenge for the authors of this research was to find ways of integrating some of the most important elements of External Analysis (Costa, Theare: 1994)¹¹ into the traditional SWOT framework and apply it to the hotel industry in Croatia.

A variation of SWOT analysis is a TOWS matrix where after the various factors are identified, an external factor is paired with an internal one, e.g. an opportunity with strength, in order to stimulate a new strategic initiative. Thus, four possible strategic guidelines of a company are developed.¹²

The SWOT analysis has its origins in the 1960s and in the following period it became the traditional means of searching for insights into ways of realizing the

¹⁰ Data recorded by Croatian Chamber of Economy, Subsidiary Pula, author's data processing

¹¹ Costa, J. and Teare, R. (1994): "Environmental scanning and the Portuguese hotel sector", *International Journal of Contemporary Hospitality* (6/1994):4-8

¹² Dyson, R.G. (2002): «Strategic development and SWOT analysis at the University of Warwick», *European Journal of Operational Research* (152 / 2004): 632

necessary alignments. It was particularly popular in the 1970s for its assumption that managers can plan the alignment of the company's resources with its environment.¹³ In more recent years resource-based planning and competence-based planning have taken the place of the SWOT analysis. Barney (1991)¹⁴ then further develops the resource-based view and recreates SWOT as the foundation for linking the company's resources to a sustained competitive advantage. Although the resource-based view and competence-based view have outlined SWOT as an outdated method, we consider it is possible to view it as a starting point for resource-based view and competence-based planning. Similarly, scenario planning can be superficially considered a different technique. However, the scenario analysis focuses on the external environment and identifies key factors in a similar way to the evaluation of external factors as the SWOT analysis. In conclusion, in recent years SWOT is still used in companies as the recommended framework for case analysis, and can be found in many of the leading strategic management and marketing texts.

The purpose of applying the SWOT analysis in this research is to help understand the external and internal environment factors. The final objective of this analysis is therefore to provide a conceptual framework (which is based on a rational approach, intuition and experience) for the elaboration of future strategic options of hotel companies with a seaside location.

TMT role and characteristics

The strategy and the organizational structure following it can be the reflection of the characteristics of the top management in the company. The importance of the top management team-TMT (chief executive officers-CEO and TMT members) is mainly in their direct responsibility for setting the company's strategic objectives as well as for allocating the resources necessary for implementing the strategies. The company's external and internal environments have influence on the CEO and the TMT members who, on the basis of their knowledge and availability, should perceive the environment realistically and gain insights into the company's situation. The ability to perceive the company's situation realistically is based on the company's culture and its members' set of values and leads to re-

¹³ Novicevic, M.M. and Harvey, M.(2004): «Dual-perspective SWOT: a synthesis of marketing intelligence and planning», *Marketing Intelligence & Planning* (2004):86

¹⁴ Barney, J.B. (1991): "Firm resources and sustained competitive advantage", *Journal of Management* (1991): 99-120

quired actions, which then depend on the availability and ability of the managers to act and are directed towards the organizational structure.

The TMT, besides interpreting the changes in the environment, are responsible for the entire strategic management process (through its three phases: strategy formulation, implementation, and monitoring and evaluation), for defining the basic directions of development, and for setting up the communication system and organizational structure which consequently impacts on the nature and style of decision making within the company. The TMT size is the CEO and the team members and they are actively responsible for the company's "direction". Except for the size, the TMT characteristics have been examined through: the TMT dynamics which is an average appraisal of attributive features and also the TMT demography which is an average value of the years of service.

Research Methods

The primary research was carried out in May and June 1999 and then in October and November 2005 on the sample of Croatian hotel companies related to tourism by the sea. In the mentioned periods the same research instruments were used with some minimal additions to the questions, which had no influence on the answers to the questions and on the interpretation of the results obtained.

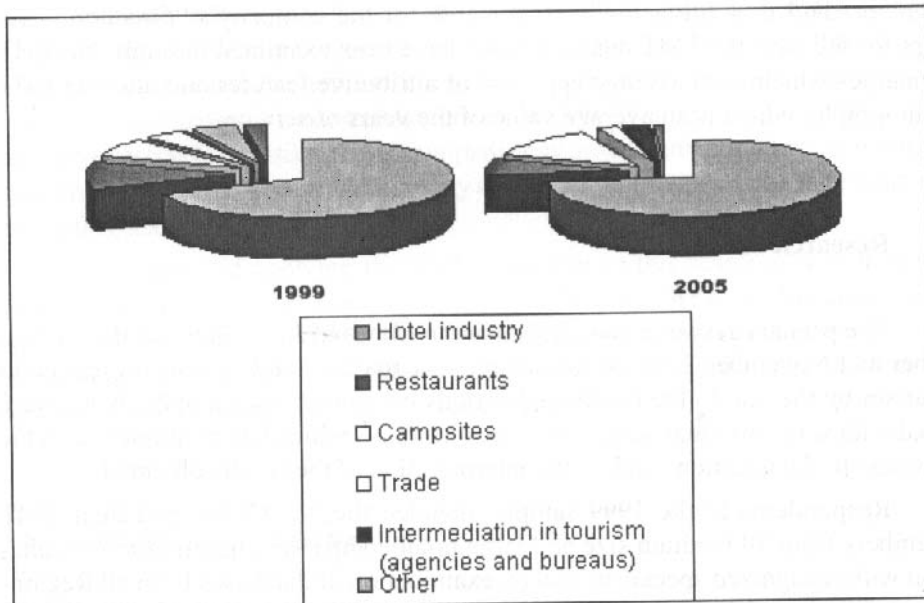
Respondents to the 1999 sample included the, the CEOs, and their TMT members from 30 medium size and large hotel companies chosen after consultation with recognized specialists and on examination of databases from all Regional subsidiaries of the Croatian Chamber of Economy. That year the research was carried out in all the 30 companies; in 2 companies the TMT members' surveys were returned but not those of the CEOs, while in 8 of the companies questioned there were no TMT, that is, in the top management there was only one person (the CEO). Altogether 28 CEOs and 91 TMT members responded to the questionnaire.

The 2005 sample respondents included the CEOs and the TMT members of the same 30 companies with the difference that two of the companies merged and the questionnaires were therefore sent to 29 companies. The research was carried out in 24 companies of which in 2 companies there were no TMT members, in the top management there was only the CEO. Altogether 24 CEOs and 72 TMT members responded to the questionnaire.

The number of the companies examined in the category "Hotels and restaurants" in 1999 represented 31% of the population, while in 2005 it represented 26% of the population.

In 1999, according to article 16 of the Croatian Law on Account - keeping¹⁵, 46.4% of the companies were medium-size and 53.6% were large companies. In 2005, 41.7% of the companies where the research was carried out were of medium-size, while 58.3% were large companies.

Considering the share in the companies' total revenue 69.4% of the companies in 1999, compared to 74.3% of the companies in 2005, realized in the hotel industry (Chart 1).



The research instruments were two structured questionnaires which had been developed on the basis of literature study, the descriptive-exploring research carried out and the authors' interest and observations. The first questionnaire developed for the CEOs contained four sections:

- A. The company and its orientation - 5 questions (6 questions in 2005)
- B. Strategic objectives and strategies - 8 questions
- C. Top management - 6 questions
- D. Organization - 13 questions

The second questionnaire for the TMT members contained of three sections:

¹⁵ Law on Account – keeping, NN 90/92 (UG, Official Gazette)

- A. The company environment - 5 questions (6 questions in 2005)
- B. Management - 4 questions (5 questions in 2005)
- C. Objectives and strategies - 8 questions (10 questions in 2005)

The TMT members were chosen by applying the theoretical approach where by the CEO's indicated who the TMT members were (Bantel, Jakson, 1989; Sutcliffe, 1994 and others)¹⁶. A letter appealing for cooperation was firstly sent to the CEOs, it contained an explanation of the purpose and the objectives of the research; the method of contact; and the expected duration of the research. In the telephone call which followed the letter the method of contact was agreed according to the CEOs' evaluation, they decided whether they wanted to answer it on their own or to do it in an interview. After that the CEO gave to the researchers the names of the TMT members, orally or in writing, and the questionnaire was then mailed to them.

The purpose of this research is to provide an enhanced understanding of the TMT members' attitudes regarding the Croatian hotel industry environment in 1999 and in 2005.

The objectives of this work are:

- The situation analysis in hotel companies related to tourism by the sea in the Republic of Croatia on the basis of the TOWS matrix in the years 1999 and 2005, and the comparison of the stated.
- The TMT characteristics and role of an interpreter and moderator of the changes in the environment.

The following hypothesis is tested:

- The external environment has no influence on the TMT dynamics. The internal environment has no influence on the TMT dynamics.

Research Result

External environment factors

The following external environment factors have been examined:

- The fiscal and tax environment (fiscal and tax policies of the Republic of Croatia)

¹⁶ Bantel, K., Jakson, S. (1989): Top Management and Innovations in Banking: Does the Composition of the Top Team Make a Difference? *Strategic Management Journal* (10/1989): 107-124; Sutcliffe, K. M. (1994): "What executives notice: Accurate perceptions in top management teams", *Academy of Management Journal* (37/ 1994): 1360-1378

- The economic environment - the capital (availability of capital, cost of capital)
- Labour (availability of managers, cost of managers, quality of managers, availability of seasonal workers, quality of seasonal workers, availability of permanent workers, cost of permanent workers, quality of permanent workers),
- Price levels (levels of purchasing wholesale prices),
- Competitors (facilities in terms of contents and space available in competitive countries)
- Political and legislative environment (political and state leaders' attitudes and actions, laws, regulations and court decisions at the state level, decisions at the level of state government and self-government),
- Natural environment (the state of environmental preservation, the impact of industrial plants, "green" associations),
- Social environment (business moral, domestic population's attitudes, domestic population's expectations, guests' expectations, guests' set of values).

Utilizing Likert's scales 1-7 (with the first scale: 1-strong threat, 2-moderate threat, 3-weak threat, 4-neither threat nor opportunity, 5-weak opportunity, 6-moderate opportunity, 7-strong opportunity; and the second scale: 1-strong unfavourable impact, 2-moderate unfavourable impact, 3-weak unfavourable impact, 4-neither unfavourable nor favourable impact, 5-weak favourable impact, 6-moderate favourable impact, 7-strong favourable impact) the stated factors of the company's external environment have been evaluated by the research respondents as follows (Table 2):

Table 2

EXTERNAL ENVIRONMENT FACTORS OF CROATIAN HOTEL COMPANIES BY THE SEA IN 1999 AND 2005

External environment factors	Mean	
	1999	2005
State of environmental preservation (VAR18)	5,94	5,65
Guests' expectations (VAR24)	5,33	5,57
Guests' set of values (VAR25)	5,08	5,14
Domestic population's expectations (VAR23)	4,90	4,69
Availability of permanent workers (VAR10)	4,78	4,08
Domestic population's attitudes (VAR22)	4,73	4,51
Green "associations" (VAR20)	4,65	4,35
Availability of seasonal workers (VAR 7)	4,63	3,40
Permanent workers' quality (VAR12)	4,14	4,14
Business moral (VAR21)	4,09	4,53
Availability of managers (VAR4)	4,07	3,83
Managers' quality (VAR6)	3,96	3,75
Industrial plants impact (VAR19)	3,92	3,76
Cost of seasonal workers (VAR8)	3,90	3,93
Cost of managers (VAR5)	3,87	3,81
Cost of permanent workers (VAR11)	3,75	3,81
Seasonal workers' quality (VAR9)	3,25	3,03
Availability of capital (VAR2)	3,09	4,42
Decisions at local government and self-government level (VAR17)	2,52	2,90
Laws, regulations and other decisions at state level (VAR16)	2,33	2,69
Political and state leaders' attitudes and actions (VAR15)	2,29	2,99
Facilities in terms of contents and space available in competitive countries (VAR14)	2,15	2,58
Level of purchasing wholesale prices (VAR13)	2,10	3,76
Cost of capital (VAR3)	1,67	3,84
The state fiscal and tax policies (VAR1)	1,49	1,97

Source: Data processing of authors' research

In order to more clearly understand the results of the overall TMT members' ratings as detailed in table 2 it is useful to breakdown these results into several categories as noted below.

Rated as a ***moderate opportunity*** factor in both 1999 and 2005 was the following:

- State of environmental preservation (VAR 18) - this is the only factor evaluated as the best strategic opportunity thereby indicating an attitude that Croatia has a well preserved natural environment.

Rated as ***weak opportunity*** factors in 1999 were the following:

- Guests' expectations (VAR24)
- Guests' set of values (VAR25) and
- Domestic population's expectations (VAR23)
- Domestic population's attitudes (VAR22)

These four factors of the social environment are viewed as in harmony with what the companies can offer guests.

- Availability of permanent workers (VAR10)
- Availability of seasonal workers (VAR7)

These two factors of labor market representing high unemployment.

- Green associations (VAR20) – taking care of environmental preservation

By 2005 the TMT members' ratings of ***weak opportunity*** factors changed to the following:

- Guests' set of values (Val25)
- Domestic population's expectations (VAR23)
- Business moral (VAR21)
- Domestic population's attitudes (VAR22)

The two domestic population factors indicate support or backing for the hotel companies and suggests that the population that directly or indirectly lives with tourism will not become an obstruction to further development.

These four factors together can be viewed as support for the hotel industry's goals and business strategies. However, they also indicate few exceptional possibilities for development.

Rated as ***neither threat nor opportunities*** by TMT members in 1999 were:

- Availability of managers (VAR4)
- Managers' quality (VAR6)
- Cost of managers (VAR5)
- Permanent workers' quality (VAR12)
- Cost of seasonal workers (VAR8)
- Cost of permanent workers (VAR11)
- Industrial plants' impact (VAR19) and
- Business moral (VAR21)

By 2005 the ***neither threat nor opportunities*** ratings by TMT members included all of the above factors less Business moral (VAR21) but added were the followings:

- Availability of permanent workers (VAR10)
- Availability of capital (VAR2)
- Cost of capital (VAR3)
- Level of purchasing wholesale prices (VAR13) and
- Green associations (VAR20)

The above ratings of neutral factors include several that can be viewed as Labour related. This leads to several possible viewpoints such as:

- Are poor recruitment of managers and low coefficient of managers' fluctuation the reasons for the neutral ratings?
- Or, do managers believe that the level of their own knowledge and abilities is so superior that recruiting new managers is not viewed as an opportunity?
- Similarly, that recruiting new employees in order to take advantage of development possibilities is not viewed as a realistic opportunity.

Rated by TMT members as ***weak threat*** factors in 1999 were:

- Quality of seasonal workers (VAR9)
- Availability of capital (VAR2)
- Decision at the level of local government and self-government level (VAR17)

By 2005 TMTs continued to rate the above two factors (VAR9 and VAR17) as ***weak threats*** and also included:

- Availability of seasonal workers (VAR7)
- Laws, regulations and other decision at state level (VAR17)
- Political and state leaders' attitudes and actions (VAR15)
- Facilities in terms of contents and space available in competitive countries (VAR14)

These factors have often been pointed out as problem areas for Croatian tourism.

Rated as ***moderate threats*** in 1999 but ***weak threats*** by 2005 are:

- Laws, regulations and other decisions at state level (VAR16)
- Political and State leaders' attitudes and actions (VAR15)
- Facilities in terms of content and space available in competitive countries (VAR14)

This lower TMT members' rating of the factors from the political and legislative environment as from the industrial environment can be viewed as positive development movement during the time period of the research.

Rated as ***moderate threats*** in 1999 but ***neither threat nor opportunity*** in 2005 were:

- Level of purchasing wholesale prices (VAR13)
- Cost of capital (VAR3)

This possibly indicates positive developments during the time period of the research.

Rated as ***a strong threat*** in 1999 but a ***moderate threat*** in 2005 was:

- The state fiscal and tax policies (VAR1)

This may be another indication of positive developments.

Legislative and political environment factors

The CEOs' attitudes towards the components of the legislative and political environment are detailed in Table 3. The Likert's scale 1-7 has been used (1- explicitly disagree, 2- disagree, 3- partly disagree, 4- neither agree nor disagree, 5- partly agree, 6- agree, 7- explicitly agree).

Table 3

CROATIAN HOTEL COMPANIES BY THE SEA: CEOs' ATTITUDES TOWARDS THE REACHED LEVEL OF TOURISM DEVELOPMENT IN COASTAL PLACES IN 1999 AND 2005

Statements	Mean	
	1999	2005
It is necessary to modernize and reconstruct the existing hotel capacities	6,22	6,21
Direct investments of capital are needed	6,07	5,79
A distinguishing "Croatian tourist product" should be created	6,07	6,17
The tourist product requires new forms and contents	6,04	6,42
Coastal tourism should be re-directed towards the middle and up to a higher quality level	5,64	5,71
Tourism development in coastal places is not defined well enough	5,31	5,13
The present and future segments of guests are determined by the actual tourist supply	4,93	5,00
It is necessary to build smaller hotels of higher quality	4,63	5,33
In is necessary to transform the large corporations by buying and selling the present ones	3,38	3,25

Source: Data processing of authors' research

In order to more clearly understand the results of the TMT members ratings as detailed in table 3 it is useful to breakdown these results into several categories as noted below.

In *1999 and 2005* the CEOs ***agree*** on the following statements:

- It is necessary to modernize and reconstruct the existing hotel capacities,
- Capital needs to be invested directly,
- A distinguishing "Croatian tourist product" should be created,
- The tourist product requires new forms and contents,
- Coastal tourism should be re-directed towards the middle and up to a higher quality level.

At the same time they ***partly agree***, in *1999 and 2005*, with the following statements:

- Tourism development in coastal places is not defined well enough,
- The present and future segments of guests are determined by the actual tourist supply,
- It is necessary to build smaller hotels of higher quality.

They ***partly disagree***, in *1999 and 2005*, on the statement that it is necessary to transform the large corporations by buying and selling the present ones.

Furthermore, the CEOs hold that the company's external environment in 1999, which they have evaluated through the previous elements (Table 4), is mainly ***unsafe, unstable and risky***. It can be observed, as shown in the sequence by means of a SWOT matrix, that the economic, political and legislative environment that have been evaluated as a threat influenced the managers' valuation that the companies operate in a mainly unsafe, unstable and risky environment.

The perception of the environment changes significantly in 2005 (Table 4): even 58% of the managers evaluate the external environment as ***dynamic*** and 33% of the managers as ***stable***, while between 17% and 27% of the managers evaluate it as unsafe, unstable and risky.

Table 4

CROATIAN HOTEL COMPANIES BY THE SEA: TMT MEMBERS'
EVALUATION OF THE EXTERNAL ENVIRONMENT
IN 1999 AND 2005

External environment	External environment evaluation in %	
	1999	2005
unsafe	73.0	26.4
unstable	70.8	27.8
risky	68.5	16.7
turbulent	50.6	25.0
dynamic	15.7	58.3
stable	11.2	33.3
safe	6.7	20.8
simple	3.4	6.9

Source: Data processing of authors' research

Internal environment factors

The following factors of the internal environment have been evaluated by TMT members (also by applying the Likert's scale 1-7: 1-extremely weak, 2-moderately weak, 3-insignificantly weak, 4-neither weak nor strong, 5-insignificantly strong, 6-moderately strong, 7-extremely strong):

- Objectives (the procedure of setting objectives, the quality of setting objectives, the possibility of controlling objectives),
- Strategies (the process of strategies formulation, the strategies' quality, coordination between strategies and the organizational structure),
- Technology (the technical-technological conditions of own hotel capacities),
- The company size
- Life cycle (a stage in the company's life cycle),
- Human resources (competence of the managerial structure, permanent workers' motivation, seasonal workers' competence),
- The product (the tourist supply quality, the tourist supply variety, the facilities in terms of contents),
- Location (the facilities in terms of space).

It is important to note that the highest scores of hotel companies in 1999 and 2005 receive following internal environment factors (table 5):

- The company size (VAR33)
- Facilities in terms of space (VAR41)
- Managerial structure competence (VAR35)
- Quality of setting objectives (VAR27), and
- Quality of strategies (VAR30).

However on own scale these internal factors are evaluated as *insignificantly strong* aspects.

The group of factors which have been evaluated as *neither weak nor strong aspects* in 1999, is extensive and worrying, and they are:

- Procedure of setting objectives (VAR26)
- Possibility of controlling objectives (VAR28)
- The process of strategies formulation (VAR29)
- Coordination between strategies and the organizational structure (VAR31)
- Stage in the corporation's life cycle (VAR34)
- The tourist supply quality (VAR38)
- Technical-technological conditions of own hotel capacities (VAR32).

Table 5

INTERNAL ENVIRONMENT FACTORS OF CROATIAN HOTEL COMPANIES BY THE SEA IN 1999 AND 2005

Internal environment factors	Mean	
	1999	2005
The company size (VAR33)	5,02	5,01
Facilities in terms of space (VAR41)	4,99	5,28
Managerial structure competence (VAR35)	4,95	5,26
Quality of setting objective (VAR27)	4,82	4,88
Strategies quality (VAR30)	4,63	4,60
Procedure of setting objective (VAR26)	4,40	4,61
Possibility of controlling objectives (VAR28)	4,34	4,85
The process of strategies formulation (VAR29)	4,32	4,46
Coordination between strategies and the organizational structure (VAR31)	4,12	4,08
Stage in the company's life cycle (VAR34)	4,06	4,54
The tourist supply quality (VAR38)	3,75	4,44
Technical-technological conditions of own hotel capacities (VAR32)	3,71	4,00
The facilities in terms of contents (VAR40)	3,38	3,85
The tourist supply variety (VAR39)	3,32	4,13
Permanent workers' motivation (VAR36)	3,30	4,35
Seasonal workers' competence (VAR37)	3,05	3,58

Source: Data processing of authors' research

While the group of *neutral aspects for 1999* which actually “moved” to the one of the *insignificantly strong aspects in 2005* are:

- Possibility of controlling objectives (VAR28)
- Procedure of setting objectives (VAR26)
- Stage in the company's life cycle (VAR34).

Here goes the subsection of factors which “moved” from *weaknesses* in 1999 into *neither strengths nor weaknesses in 2005*:

- Permanent workers' motivation (VAR36)
- The tourist supply variety (VAR39)
- The facilities in terms of contents (VAR40)
- Seasonal workers' competence (VAR37).

Application of the SWOT analysis

Figure 1 shows the TOWS matrix of the Croatian hotel companies related to tourism by the sea in 1999. Considering the stated strengths, weaknesses, opportunities and threats, the following strategies are set:

- SO strategy – It is necessary to strengthen the *insignificantly strong aspects* to make this strategy possible.
- ST strategy - The threats in the economic, political and legislative environment are such that the existing strengths are insufficient to be able to act on them.
- WO strategy – It is necessary to act on the "tourist product" and human resources management in order to meet the guests' expectations and set of values. It is also necessary to act on and influence the awareness raising and make efforts to set and implement measures to protect the environment.
- WT strategy - The weaknesses are such to require investments and better human resources management, but at the same time the cost of capital, its availability as well as the fiscal and tax policies measures are threats on the market.

Figure 1a shows the variation of the TOWS matrix of the Croatian hotel companies related to tourism by the sea in 1999. The factors in the categories *neither strengths nor weaknesses* and *neither opportunities nor threats* are included.

Figure 2 shows TOWS matrix of the Croatian hotel companies related to tourism by the sea in 2005. Considering the stated strengths, weaknesses, opportunities and threats, the following strategies are set:

- SO strategy - To strengthen the insignificantly strong aspects to make this strategy possible
- ST strategy - The threats in the economic, political and legislative environment are such that the existing strengths are insufficient to act on.

The major difference between TOWS matrix in 1999 and 2005 is that in 2005 the TMT members indicated that hotel companies did not have any major weaknesses. As result, the only possible strategies according to the TOWS matrix in 2005 are SO and ST.

Figure 2a shows the variation of the TOWS matrix of the Croatian hotel companies related to tourism by the sea in 2005. The authors' viewpoint is that in this situation it is more appropriate to stop at the SWOT analysis and to suggest that management focus on improving the factors in the category *neither strengths nor weaknesses* instead of focusing on the strategies according to the TOWS matrix. This is an essential supposition for the company's effectiveness at building and gaining of competitive positions from which to act on the threat factors from the external environment.

Figure 1
 TOWS MATRIX OF CROATIAN HOTEL COMPANIES BY THE SEA IN 1999

<p>Internal environment</p> <p>Strengths company size, facilities in terms of space, managerial structure competence, quality of objectives set and strategies quality</p>	<p>Weaknesses seasonal workers' competence, permanent workers' motivation, tourist supply variety and facilities in terms of contents</p>
<p>External environment</p> <p>Opportunities state of environmental preservation, guests' expectations and set of values, domestic population's expectations, availability of permanent workers, domestic population's attitudes, "green" associations, availability of seasonal workers</p>	<p>WO To act on the "tourist product" and human resources management to be able to fulfill the guests' expectations and set of values. To act on and influence awareness raising and make efforts to set and implement measures to protect the environment.</p>
<p>SO To strengthen the insignificantly strong aspects to make this strategy possible.</p>	<p>WT The weaknesses are such to require investments and better human resources management, but at the same time the cost of capital, its availability and the fiscal and tax policies measures are threats on the market.</p>
<p>ST The threats in the economic, political and legislative environment are such that the existing strengths are insufficient to act on.</p>	<p>WT The weaknesses are such to require investments and better human resources management, but at the same time the cost of capital, its availability and the fiscal and tax policies measures are threats on the market.</p>

Figure 1a

VARIATION OF THE TOWS MATRIX OF CROATIAN HOTEL COMPANIES BY THE SEA IN 1999

<p>Internal environment</p>	<p>Strengths company size, facilities in terms of space, managerial structure competence, quality of objectives set and strategies quality</p>	<p><i>neither strengths nor weaknesses</i> <i>procedure of setting objectives, possibility of controlling objectives process of strategy formulation, coordination between strategies and the organizational structure, stage in the company's life cycle, tourist supply quality, technical-technological conditions of own hotel capacities</i></p>	<p>Weaknesses seasonal workers' competence, permanent workers' motivation, tourist supply variety and facilities in terms of contents</p>
<p>External environment</p> <p>Opportunities state of environmental preservation, guests' expectations and set of values, domestic population's expectations, availability of permanent workers, domestic population's attitudes, "green" associations, availability of seasonal workers</p>	<p>SO To strengthen the insignificantly strong aspects to make this strategy possible.</p>	<p>Requires improvements! <i>In order to meet the guests' expectations in the first place by strengthening "neither strengths nor weaknesses".</i></p>	<p>WO To act on the "tourist product" and human resources management to be able to fulfill the guests' expectations and set of values. To act on and influence awareness raising and make efforts to set and implement measures to protect the environment.</p>

<p><i>neither opportunities nor threats permanent workers' quality, business moral, availability of managers, managers' quality, industrial plants impact, cost of seasonal workers, cost of managers, cost of permanent workers</i></p>		<p>Requires improvements! <i>It is necessary to focus on the importance and role of "neutral factors" in the management process itself and "move" them towards strengths, which is directly related to the demands towards the labours market and its features.</i></p>	
<p>Threats fiscal and tax policies of the Republic of Croatia, cost of capital, level of purchasing wholesale prices, facilities in terms of contents and space available in competitive countries, political and state leaders' attitudes and actions, laws, regulations and decisions at the state level, decisions at the local government and self-government level, availability of capital, seasonal workers' quality</p>	<p>ST The threats in the economic, political and legislative environment are such that the existing strengths are insufficient to act on.</p>	<p>Requires improvements! <i>To be able to act on threats, especially those from the legislative and political environment through a system of feedback and on the basis of a better competitive position.</i></p>	<p>WT The weaknesses are such to require investments and better human resources management, but at the same time the cost of capital, its availability and the fiscal and tax policies measures are threats on the market.</p>

Figure 2

TOWNS MATRIX OF CROATIAN HOTEL COMPANIES BY THE SEA IN 2005

<p>Internal environment</p>	<p>S Facilities in terms of space, managerial structure competence, company size, quality of objectives set, possibility of controlling objectives, procedure of setting objectives, strategies quality, stage in the company's life cycle</p>	<p>W</p>
<p>External environment</p> <p>O state of environmental preservation, guests' expectations and set of values, domestic population's expectations, business moral, domestic population's attitudes</p>	<p>SO To strengthen the insignificantly strong aspects to make this strategy possible.</p>	<p>WO</p>
<p>T fiscal and tax policies of the Republic of Croatia, facilities in terms of contents and space available in competitive countries, laws, regulations and decisions at the state level, decisions at the local government and self-government level, political and state leaders' attitudes and actions, quality and availability of seasonal workers</p>	<p>ST The threats in the economic, political and legislative environment are such that the insignificantly strong aspects are insufficient to act in the short period on.</p>	<p>WT</p>

Figure 2a

VARIATION OF THE TOWS MATRIX OF CROATIAN HOTEL COMPANIES BY THE SEA IN 2005

<p>Internal environment</p>	<p>S Facilities in terms of space, managerial structure competence, company size, quality of objectives set, possibility of controlling objectives, procedure of setting objectives, strategies quality, stage in the company's life cycle</p>	<p>W <i>neither strengths nor weaknesses</i> process of strategy formulation, tourist supply quality, permanent workers' motivation, tourist supply variety, coordination between strategies and the organizational structure, technical-technological conditions of own hotel capacities, facilities in terms of contents, seasonal workers' competence</p>
<p>External environment</p>	<p>SO To strengthen the insignificantly strong aspects to make this strategy possible.</p>	<p>WO <i>Requires improvements!</i> In order to meet the guests' expectations in the first place by strengthening "neither strengths nor weaknesses": To act on the "tourist product" and human resources management to be able to fulfill the guests' expectations and set of values.</p>
<p>O state of environmental preservation, guests' expectations and set of values, domestic population's expectations, business moral, domestic population's attitudes</p>		

<p><i>neither opportunities nor threats</i> <i>availability of capital, "green" associations,</i> <i>quality and availability of permanent</i> <i>workers, cost of seasonal workers, cost of</i> <i>capital, availability of managers, cost of</i> <i>managers and permanent workers, levels of</i> <i>wholesale prices, industrial plants impact,</i> <i>managers' quality</i></p>		<p>Requires improvements! <i>It is necessary to focus on the</i> <i>importance and role of "neutral</i> <i>factors" in the management</i> <i>process itself and "move" them</i> <i>towards strengths, which is directly</i> <i>related to the demands towards the</i> <i>labour market and its features.</i></p>	
<p>T fiscal and tax policies of the Republic of Croatia, facilities in terms of contents and space available in competitive countries, laws, regulations and decisions at the state level, decisions at the local government and self-government level, political and state leaders' attitudes and actions, quality and availability of seasonal workers</p>	<p>ST The threats in the economic, political and legislative environment are such that the insignificantly strong aspects are insufficient to act in the short period on.</p>	<p>Requires improvements! <i>To be able to act on threats</i> <i>especially those from the</i> <i>legislative and political</i> <i>environment through a system of</i> <i>feedback and on the basis of a</i> <i>better competitive position.</i></p>	<p>← WT</p>

The SWOT analysis was relatively little used in 1999: 18% of the companies examined used the SWOT analysis, and 40% of the companies using it completed it once a year. The situation is different in 2005 when 63% of the companies examined use SWOT, and 53% of them complete it once a year (Table 6, Table7).

Table 6

SWOT ANALYSIS APPLICATION IN THE CROATIAN HOTEL COMPANIES BY THE SEA IN 1999 AND 2005

SWOT	1999	2005
Applied	5	15
Not applied	15	8
In the process of development	8	1

Source: Data processing of authors' research

Table 7

FREQUENCY OF SWOT ANALYSIS APPLICATION IN THE CROATIAN HOTEL COMPANIES BY THE SEASIDE IN 1999 AND 2005

Frequency	Number of companies	
	1999	2005
Twice a year	-	2
Once a year	2	8
According to need	1	1
Every 2 years	-	2
Every 2-3 years	-	1
Every 5 years	1	-
Do not know	1	1

Source: Data processing of authors' research

Top management team characteristics

The average size of the TMT in 1999 was 5 members, while in 2005 the TMT average size is 4 members. The largest number of TMT members in 1999 was 16, and the smallest was one member, that is, the CEO himself. In 2005 the number of TMT members goes from 1-14. As to the TMT members' structure (Table 8) in 1999, in 39.3% of the companies there is the CEO and the managers of the first directly subordinate hierarchy level in the organization (compared with 45,8% in 2005). In 25% of the companies in 1999 (compared with 41.7% in 2005) the TMT was made up of the executive management and management members of the first directly subordinate hierarchy level in the organization. It is interesting to observe that in none of the hotel companies examined in 2005 is the TMT made up just of the executive management.

Table 8

TMT MEMBERS' STRUCTURE IN CROATIAN HOTEL COMPANIES BY THE SEA IN 1999 AND 2005

Structure (in %)	1999	2005
The CEO and the managers of the first directly subordinate hierarchy level in the organization	39,3	45,8
Executive management and the first directly subordinate hierarchy level in the organization	25,0	41,7
Executive management	14,3	0
The CEO and some selected managers of the first directly subordinate hierarchy level in the organization	14,3	0
The CEO and the managers of the first two directly subordinate hierarchy levels in the organization	3,6	4,2
Somebody else. Who?	3,6	8,3

Source: Data processing of authors' research

The CEO had on average 24.42 years of service in 1999 of which 18.92 years was realized in hotel, restaurant and similar activities. On the top management level he has realized on average 10.85 years of service. The same year the TMT member had on average 22.82 years of service of which 20.37 was realized in hotel, restaurant and similar activities, while the average number of years of service on top management levels was 9.42 years.

In comparison with this, in 2005 the CEO has on average 24.71 years of service of which 21.71 realized in hotel, restaurant and similar activities and 11.08 on top management levels. The same year the TMT member has on average 21.88 years of service of which 19.82 realized in hotel, restaurant and similar activities and 9.81 on top management levels. In conclusion, the top management of the Croatian hotel companies related to tourism on the seaside is made up of managers with a considerable number of years of service realized mostly in the present activity and with an average of 10 years' service in the top management.

The team dynamics has been evaluated by means of the features stated in table 9. The following is the scale the question has been based on: 1-does not describe the situation at all, 4-does not describe the situation entirely, 7-describes the situation in its entirety. The TMT dynamics has been evaluated through 7 features of which the strongest evaluation goes to the feature that the profession authority is to be respected in the team.

Table 9

**TMT DYNAMICS IN CROATIAN HOTEL COMPANIES
BY THE SEA IN 1999 AND 2005**

Structure (in %)	1999	2005
The professional authority is respected in the team	5,13	5,54
There is a high level of tolerance among team members	5,06	5,29
The arguments are the main point in decision making	5,03	5,35
Team members willingly cooperate with each other	4,93	5,43
There is a high level of mutual trust among team members	4,91	5,15
Conflict is dealt with openly and effectively	4,71	4,92
Interaction among team members leads to comprehensive results	4,54	4,75
The team is well balanced as for the responsibility and competence of its members	4,44	4,74

Source: Data processing of authors' research

Correlation

Correlation coefficients of external environment factors

The table of coefficients (Appendix A, table 12) shows that many variables are significantly correlated among themselves at the level of significance of 5% and at the level of 1%. A stronger linear relation between VAR15 (political and

state leaders' attitudes and actions) and VAR 16 (laws, regulations and decisions at the state level) with a correlation coefficient of 0.759 can be singled out in 1999. While the year 2005 (Appendix A, table 13) the relation between VAR7 (availability of seasonal workers) and VAR9 (seasonal workers' quality) can be singled out with a correlation coefficient of 0.680.

Coefficients of internal environment factors correlation

Among the correlation coefficients important at the significance level of 1%, the correlation between VAR29 (the process of strategy formulation) and VAR30 (strategies quality) with a correlation coefficient of 0.832 can be singled out in 1999 (Appendix A, table 14). Regarding the year 2005, the strongest linear relation appears between VAR29 and VAR30 with a correlation coefficient of 0.883 (Appendix A, table 15).

Scale analysis

Testing the external environment scale reliability

The scale reliability analysis of a series of statements describing the external environment in 1999 and 2005 has showed that the scale is reliable (Cronbach's alpha is 0,883 for 1999, that is 0.867 for 2005). From the analysis for 1999, VAR19 (industrial plants impact) is left out first and then VAR20 ("green" associations), with that there remained 23 to 25 statements describing best the external environment of Croatian hotel companies by the seaside (Appendix B, table 16). Improving alpha is next and for 2005 the final Cronbach's alpha is 0.883, with that there are left 21 to 25 statements describing best the external environment of Croatian hotel companies by the sea. Then VAR19 (industrial plants impact), VAR18 (the state of environmental preservation), VAR 1 (the state fiscal and tax policies) and VAR15 (political and state leaders' attitudes and actions) are left out, Appendix B, table 17.

Testing the internal environment scale reliability

The scale describing the internal environment in 1999 is reliable (Cronbach's alpha is 0.881). By leaving out the items in the following order: VAR41 (the fa-

ilities in terms of space), VAR32 (technical-technological conditions of the capacities) and VAR40 (the facilities in terms of contents), the Cronbach's alpha is improved to 0.889 (Appendix B, table 18).

The scale describing the internal environment in 2005 is reliable. The Cronbach's alpha is 0.879. By leaving out the items: VAR37 (seasonal workers' competence), VAR32 (technical-technological conditions of the capacities) and VAR41 (the facilities in terms of space), the final Cronbach's alpha is 0,891 (Appendix, table 19).

Testing the TMT dynamics scale reliability

The scale describing the TMT dynamics in 1999 is reliable; the Cronbach's alpha is 0.961. The next step is to improve alpha by leaving out the items in the following order: VAR42 (the team is well balanced as for the responsibility and competence of its members) and VAR43 (Interaction among team members leads to expected results). The final Cronbach's alpha is 0.966 (Appendix B, table 20)

The scale describing the TMT dynamics in 2005 is reliable. The Cronbach's alpha is 0.940. Improving the scale is next and the items are left out as follows: VAR42 (the team is well balanced as for the responsibility and competence of its members) and VAR43 (interaction among team members leads to expected results). The final Cronbach's alpha is 0.950 for 6 items describing the observed phenomenon (Appendix B, table 21).

Regression analysis

The following hypothesis is tested: The external environment does not influence the TMT dynamics. The internal environment does not influence the TMT dynamics.

To test the relation between the environment and the management role, regression analysis and the method of least squares are used. The dependent variable is the TMT dynamics, and the independent variables are the external and internal environment.

The table 10 shows that the internal environment is important for the explanation of the TMT dynamics with a high t value of 5.661, which says that we can with 99% reliability, reject the hypothesis that the coefficient related to this variable is zero. On the other hand, the external environment has a low t value (-

1.044) and from $p > 0.05$ (0.299) it can be concluded that the external environment is not important for the explanation of the motion of the TMT dynamics variable. Such a situation is also possible because of the multicollinear relation between the external and internal environments, that is why the model leaving out the external environment has been approached. The model indicates that the internal environment is important for the explanation of the TMT dynamics. Furthermore, the coefficients have not undergone bigger changes in relation to the previous model, thus the hypothesis about a multicollinear relation between the internal and external environment can be rejected. A comparison of the year 2005 with the year 1999 shows that in 2005 the external environment becomes important to managers for the TMT dynamics. The t value of the coefficient related to the external environment is (2.077), and from its p value it can be concluded that the

Table 10

TESTING THE RELATION BETWEEN THE ENVIRONMENT
 AND THE TMT DYNAMICS WITH T VALUES IN BRACKETS

	Model99 1	Model99 2	Model 2005
Constant	1.742	1.236	1.153
t	(2.17)	(1.926)	(1.462)
p	(0.033)	(0.057)	(0.148)
External environment	-0.199		0.308
t	(-1.044)		(2.077)
p	(0.299)		(0.042)
Internal environment	0.900	0.849	0.641
t	(5.661)	(5.611)	(4.948)
p	(0.000)	(0.000)	(0.000)
Adjusted R ²	0.254	0.253	0.321
F	16.304	31.486	15.868
p	(0.000)	(0.000)	(0.000)

hypothesis that this coefficient is zero cannot be rejected. The conclusion is therefore that the external environment variable is statistically important at the reliability level of 95%. Other coefficients, as well as the indicators of regression quality, have not changed significantly in relation to the year 1999.

The adjusted determination coefficient (R^2) is relatively low with both models (25.4%), but in this kind of analysis even lower values are common. High t-values are essential.

Additional testing has been done by means of partial correlation coefficient between the TMT dynamics and the internal environment for the year 1999, with the external environment under control, and the testing between the TMT dynamics and the external environment with the internal environment under control. The table below confirms the results obtained with regression analysis, that is, there is no significant relation between the external environment and the TMT dynamics when the internal environment is under control. However, there is a significant statistical relation ($p < 0.01$) between the TMT dynamics and the internal environment when the external environment variable is controlled.

In 2005 the partial correlation coefficients also confirm the results obtained by regression, and with 95% reliability we can argue that both, the external and the internal environment, have a significant linear relation with the TMT dynamics.

Table 11

PARTIAL CORRELATION BETWEEN THE TMT DYNAMICS,
THE EXTERNAL AND INTERNAL ENVIRONMENT
WITH P VALUES IN PARENTHESIS

Partial correlation coefficient with the TMT dynamics			
External environment		Internal environment	
1999	2005	1999	2005
-0.111 (0.299)	0.246 (0.042)	0.517 (0.000)	0.517 (0.000)

Conclusion

In an attempt to verify the purpose of existence of the Croatian seaside hotel companies and their strategic objectives, the CEOs and his TMT members should observe the external and internal environment in order to be able to carry out appropriate adjustments, meet the guests' requirements and expectations and, as a key issue, achieve and retain competitive advantages.

The majority of Croatian accommodation capacities are seaside location and they require qualitative and quantitative improvements compared to competitive Mediterranean countries.

The field research was carried out by means of a questionnaire in 1999, when 119 managers were examined, and in 2005 when 96 were examined. The integration of the most important elements of the external and internal environment and their interpretation sets up a good starting position to underline the importance of the government's role as well as to gain insights into the situation of companies in order to choose appropriate corporation strategies. With external factors it is necessary to focus basic attention on the state fiscal and tax policies, and with the internal environment on the group of so called "neutral factors".

The correlation coefficients table shows that many variables are significantly correlated at the level of significance of 5% and at the level of 1%.

Scale reliability analysis has shown that the scales, by means of which the testing had been carried out, are reliable.

Regression analysis and testing by means of partial correlation coefficients, used in testing the relation between the environment and the TMT dynamics, have shown that in 1999 there is no significant linear relation between the external environment and the TMT dynamics, but that the relation is indirect through the internal environment. In 2005 the same analyses indicates that there is a significant statistical relation between the external and internal environment and the TMT dynamics.

In conclusion, with the TOWS matrix the theoretical approach to time dimension has been confirmed, that is, there can be observed "the moving or slight shifting" like the moving of factors in the same picture taken in 1999. The regression analysis indicates that in relation to the year 1999, except for the internal environment factors and the TMT dynamics, there is a statistically significant relation between the external environment and the TMT dynamics as well.

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SWOT ANALIZA TEMELJENA NA STAVOVIMA MENADŽERA TRGOVAČKIH DRUŠTAVA IZ PODRUČJA "HOTELI I RESTORANI" U REPUBLICI HRVATSKOJ

Sažetak

Svrha istraživanja je razumijevanje stavova timova vrhovnih menadžera o okruženju trgovačkih društava iz djelatnosti Hoteli i restorani u Republici Hrvatskoj u 1999. i 2005. godini. Empirijska istraživanja provedena su 1999. i 2005. godine pomoću upitnika. Istraživanjima su ispitani stavovi članova timova vrhovnih menadžera o vanjskom i unutarnjem okruženju. U radu je korištena SWOT analiza, korelacija, analiza pouzdanosti skale i regresijska analiza kako bi se ispitala situacija i tendencije u ovoj djelatnosti.

Argumentira se stajalište autora o primjerenosti "zaustavljanja" na SWOT analizi i savjetuje se usmjeravanje vrhovnog menadžmenta dioničkih društava iz ove djelatnosti na ojačavanje unutarnjih čimbenika u grupi *ni snage ni slabosti* umjesto fokusiranja na strategije po TOWS matrici. Ovo je ključna pretpostavka za gradnju i stjecanje konkurentnih prednosti temeljem kojih se može djelovati na prijetnje iz vanjskog okruženja. Analiza pouzdanosti skale pokazala je da su skale korištene u radu pouzdane. Regresijska analiza i koeficijenti parcijalne korelacije korišteni za ispitivanje povezanosti između okruženja i dinamike članova tima vrhovnih menadžera pokazali su da u 1999. godini nije bilo statistički značajne veze između vanjskog okruženja i dinamike, ali je veza bila indirektna - preko unutarnjeg okruženja. Ista je analiza 2005. godine pokazala da i vanjsko i unutarnje okruženje imaju statistički značajnu linearnu vezu s dinamikom tima vrhovnih menadžera.

Ključne riječi: tim vrhovnih menadžera, stavovi, djelatnost Hoteli i restorani, statistička analiza

Appendix A

Table 12

CORRELATION COEFFICIENTS OF EXTERNAL ENVIRONMENTS FACTORS IN CROATIAN HOTEL
COMPANIES BY THE SEA IN 1999

	VAR1	VAR2	VAR3	VAR4	VAR5	VAR6	VAR7	VAR8	VAR9	VAR10	VAR11	VAR12	VAR13	VAR14
VAR1	1.0000													
VAR2	.379**	1.0000												
VAR3	.586**	.346**	1.0000											
VAR4	.099	.198	.194	1.0000										
VAR5	.322**	.115	.343**	.399**	1.0000									
VAR6	.271**	.238*	.329**	.594**	.496**	1.0000								
VAR7	.208*	.133	.249*	.467**	.379**	.313**	1.0000							
VAR8	.132	.126	.164	.233*	.511**	.300**	.484**	1.0000						
VAR9	.130	.149	.224*	.223*	.350**	.326**	.503**	.560**	1.0000					
VAR10	.192	.169	.253*	.332**	.247*	.456**	.439**	.291**	.422**	1.0000				
VAR11	.256*	.108	.287**	.283**	.300**	.387**	.424**	.609**	.441**	.378**	1.0000			
VAR12	.349**	.295**	.343**	.486**	.408**	.503**	.518**	.405**	.507**	.481**	.402**	1.0000		
VAR13	.623**	.207*	.713**	.104	.325**	.230*	.324**	.197	.116	.263*	.302**	.320**	1.0000	
VAR14	.382**	.066	.339**	.024	.325**	.233*	.123	.166	.179	.022	.193	.186	.399**	1.0000
VAR15	.461**	.121	.511**	.056	.284**	.376**	.181	.091	.082	.263*	.101	.280**	.525**	.470**
VAR16	.580**	.130	.544**	.082	.257*	.326**	.198	.154	.092	.219*	.315**	.313**	.534**	.431**
VAR17	.428**	.151	.537**	.223*	.318**	.324**	.230*	.033	.038	.192	.166	.310**	.435**	.399**
VAR18	.005	.153	.079	.201	.056	.069	.336**	-.030	.037	.216*	.072	.145	-.001	.000
VAR19	.038	.068	.153	.007	.063	.071	.225*	.083	.126	.041	.012	.106	.089	-.003
VAR20	.101	.014	.121	.092	.051	.085	.072	.167	.140	.173	.143	.180	.035	-.019
VAR21	.282**	.179	.273**	.170	.233*	.248*	.163	.178	.226*	.097	.253*	.376**	.171	.305**
VAR22	.232*	.330**	.297**	.181	.155	.145	.174	.031	.143	.032	.064	.304**	.249*	.065
VAR23	.258*	.318**	.300**	.210*	.236*	.179	.269**	.083	.181	.144	.154	.417**	.284**	.100
VAR24	.171	.220*	.206*	.259*	.174	.138	.105	.097	.155	.092	.028	.281**	.100	.012
VAR25	.188	.256*	.207*	.210*	.156	.238*	.104	.180	.215*	.301**	.155	.294**	.176	.118

	VAR15	VAR16	VAR17	VAR18	VAR19	VAR20	VAR21	VAR22	VAR23	VAR24	VAR25
VAR15	1.0000										
VAR16	.759**	1.0000									
VAR17	.614**	.694**	1.0000								
VAR18	.092	.062	.199	1.0000							
VAR19	.109	.083	.274**	.098	1.0000						
VAR20	-.018	.021	.082	.230*	-.032	1.0000					
VAR21	.224*	.322**	.369**	.350**	-.119	.331**	1.0000				
VAR22	.062	.016	.091	.332**	.060	.148	.544**	1.0000			
VAR23	.083	.144	.238*	.342**	.164	.199	.443**	.665**	1.0000		
VAR24	.009	.067	.153	.295**	.075	.244*	.413**	.450**	.623**	1.0000	
VAR25	.208*	.187	.143	.242*	-.120	.279**	.326**	.195	.349**	.573**	1.0000

n = 91

*p<0,05

**p<0,01

Table 13

CORRELATION COEFFICIENTS OF EXTERNAL ENVIRONMENTS FACTORS IN CROATIAN HOTEL
COMPANIES BY THE SEA IN 2005

	VAR1	VAR2	VAR3	VAR4	VAR5	VAR6	VAR7	VAR8	VAR9	VAR10	VAR11	VAR12	VAR13	VAR14
VAR1	1.0000													
VAR2	.192	1.0000												
VAR3	.150	.641**	1.0000											
VAR4	.012	.148	.135	1.0000										
VAR5	.135	.344**	.314**	.430**	1.0000									
VAR6	-.009	.152	.117	.597**	.416**	1.0000								
VAR7	.194	.291*	.324**	.503**	.441**	.508**	1.0000							
VAR8	.145	.255*	.305**	.330**	.611**	.518**	.648**	1.0000						
VAR9	.023	.257*	.363**	.446**	.466**	.513**	.685**	.610**	1.0000					
VAR10	.074	.095	.113	.485**	.265*	.379**	.579**	.402**	.404**	1.0000				
VAR11	-.104	.242*	.382**	.347**	.572**	.377**	.392**	.562**	.483**	.446**	1.0000			
VAR12	.086	.187	.165	.332**	.386**	.393**	.440**	.506**	.363**	.636**	.483**	1.0000		
VAR13	.089	.317**	.206	.059	.260*	.226	.160	.263*	.113	.036	.068	.279*	1.0000	
VAR14	.061	.127	.259*	.264*	.247*	.300*	.384**	.275*	.307**	.305**	.164	.316**	.479**	1.0000
VAR15	.230	.079	.097	.045	-.180	-.019	.091	.031	-.011	.172	-.068	.110	.258*	.293*
VAR16	.170	.105	.274*	.226	.183	.306**	.270*	.254*	.256*	.109	.039	.215	.498**	.618**
VAR17	.264*	.125	.274*	.023	.135	.225	.343**	.361**	.308**	.257*	.158	.202	.327**	.347**
VAR18	.070	.037	.046	-.046	.100	.029	.160	.112	.127	-.019	-.031	-.076	.089	.195
VAR19	.034	-.038	.026	.257*	.111	.259*	.139	.198	.083	.049	.157	-.136	-.031	.008
VAR20	-.189	-.008	.051	.328**	.285*	.259*	.285*	.264*	.259*	.245*	.266*	.218	.151	.164
VAR21	.012	.127	.031	.232*	.148	.231	.321**	.311**	.222	.182	.146	.224	.205	.171
VAR22	-.013	-.037	-.070	.264*	.078	.212	.305**	.207	.201	.135	-.128	.089	.175	.137
VAR23	-.112	-.115	-.115	.265*	.071	.256*	.368**	.235*	.232*	.223	.045	.192	.193	.024
VAR24	.056	.080	.065	.174	.168	.192	.089	.168	.144	-.040	.030	.135	.327**	.239*
VAR25	.086	.241*	.226	.133	.198	.165	.156	.185	.190	.016	.074	.131	.317**	.095

	VAR15	VAR16	VAR17	VAR18	VAR19	VAR20	VAR21	VAR22	VAR23	VAR24	VAR25
VAR15	1.0000										
VAR16	.585**	1.0000									
VAR17	.491**	.612**	1.0000								
VAR18	.271*	.308**	.259*	1.0000							
VAR19	-.031	-.116	-.102	-.082	1.0000						
VAR20	.024	.232*	.113	.074	.005	1.0000					
VAR21	.355**	.407**	.378**	.146	-.025	.327**	1.0000				
VAR22	.301*	.419**	.296*	.116	-.044	.493**	.666**	1.0000			
VAR23	.212	.222	.092	.046	-.045	.455**	.553**	.672**	1.0000		
VAR24	.129	.275*	.012	.239*	-.031	.300*	.508**	.500**	.531**	1.0000	
VAR25	-.059	.047	-.005	.063	-.035	.247*	.247*	.199	.222	.577**	1.0000

n = 72

*p<0,05

**p<0,01

Table 14

CORRELATION COEFFICIENTS OF INTERNAL ENVIRONMENTS FACTORS IN CROATIAN HOTEL
COMPANIES BY THE SEA IN 1999

	VAR26	VAR27	VAR28	VAR29	VAR30	VAR31	VAR32	VAR33	VAR34	VAR35	VAR36	VAR37	VAR38	VAR39	VAR40	VAR41
VAR26	1.0000															
VAR27	.754**	1.0000														
VAR28	.642**	.636**	1.0000													
VAR29	.770**	.775**	.662**	1.0000												
VAR30	.659**	.733**	.587**	.832**	1.0000											
VAR31	.693**	.670**	.93**	.788**	.656**	1.0000										
VAR32	.143	.207*	.146	.198	.259*	.219*	1.0000									
VAR33	.259*	.319**	.174	.151	.179	.357**	.278**	1.0000								
VAR34	.199	.246*	.308**	.348**	.264*	.454**	.377**	.475**	1.0000							
VAR35	.206	.388**	.268*	.301**	.307**	.384**	.271**	.237*	.259*	1.0000						
VAR36	.313**	.319**	.316**	.282**	.316**	.376**	.188	.293**	.271**	.234*	1.0000					
VAR37	.219*	.288**	.217*	.314**	.362**	.359**	.235*	.317**	.469**	.242*	.575**	1.0000				
VAR38	.160	.309**	.144	.339**	.478**	.248*	.319**	.102	.266*	.224*	.262*	.421**	1.0000			
VAR39	.180	.307**	.134	.325**	.331**	.293**	.169	.210*	.344**	.203	.327**	.320**	.784**	1.0000		
VAR40	.071	.212*	-.062	.197	.283**	.140	.247*	.140	.131	.175	.182	.369**	.687**	.557**	1.0000	
VAR41	.063	.190	.096	.097	.214*	.114	.138	.236*	.093	.068	.143	.042	.229*	.112	.319**	1.0000

n=91

*p < 0,05

**p < 0,01

Table 15

CORRELATION COEFFICIENT OF INTERNAL ENVIRONMENTS IN CROATIAN HOTEL COMPANIES BY THE
 SEA IN 2005

	VAR26	VAR27	VAR28	VAR29	VAR30	VAR31	VAR32	VAR33	VAR34	VAR35	VAR36	VAR37	VAR38	VAR39	VAR40	VAR41
VAR26	1.0000															
VAR27	.791**	1.0000														
VAR28	.667**	.793**	1.0000													
VAR29	.744**	.764**	.657**	1.0000												
VAR30	.658**	.825**	.698**	.883**	1.0000											
VAR31	.582**	.657**	.646**	.738**	.762**	1.0000										
VAR32	-.010	.000	.006	.026	-.059	.221	1.0000									
VAR33	.114	.045	.021	.212	.177	.073	.238*	1.0000								
VAR34	.282*	.339**	.256*	.369**	.409**	.410**	.176	.229	1.0000							
VAR35	.295*	.358**	.320**	.393**	.354**	.314**	.319**	.340**	.277*	1.0000						
VAR36	.385**	.304**	.310**	.443**	.406**	.435**	.126	.256**	.177	.448**	1.0000					
VAR37	-.087	-.070	-.042	.070	.054	.045	.242*	.390**	.047	.434**	.361**	1.0000				
VAR38	.131	.293*	.095	.264*	.304**	.304**	.322**	.295*	.239*	.366**	.279*	.248*	1.0000			
VAR39	.169	.244*	.140	.280*	.257*	.330**	.392**	.332**	.319**	.352**	.270*	.269*	.867**	1.0000		
VAR40	.128	.317**	.145	.283*	.313**	.240*	.485**	.297*	.305**	.409**	.289*	.240*	.731**	.721**	1.0000	
VAR41	.065	.193	.041	.092	.245*	.072	.083	.238*	.224	.255*	.229	.059	.408**	.356**	.510**	1.0000

n=72

*p <0,05

**p<0,01

Appendix B*Table 16*

THE EXTERNAL ENVIRONMENTS SCALE RELIABILITY ANALYSIS
OF CROATIAN HOTEL COMPANIES BY THE SEA IN 1999
– FINAL RESULT

External environment factors	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The state fiscal and tax policies	81.6154	362.106	.547	.883
Availability of capital	80.0549	358.430	.360	.888
Cost of capital	81.4725	350.674	.611	.881
Availability of managers	79.1319	358.227	.449	.885
Cost of managers	79.2527	358.035	.535	.883
Managers' quality	79.2308	345.891	.568	.881
Availability of seasonal workers	78.4725	349.585	.535	.882
Cost of seasonal workers	79.2088	362.745	.425	.885
Seasonal workers' quality	79.8571	357.924	.451	.885
Availability of permanent workers	78.3846	356.639	.471	.884
Cost of permanent workers	79.4396	355.916	.479	.884
Permanent workers' quality	79.0330	340.966	.680	.878
Levels of purchasing wholesale prices	81.0659	354.573	.542	.882
The facilities in terms of contents and space available in competitive countries	80.9890	364.300	.369	.887
Political and state leaders' attitudes and actions	80.8352	357.406	.483	.884
Laws, regulations and other decisions at state level	80.8022	356.116	.532	.883
Decisions at local government and self-government level	80.6044	356.042	.523	.883
State of environmental preservation	77.2857	368.006	.273	.890
Business moral	79.0989	351.046	.510	.883
Domestic population's attitudes	78.3626	364.456	.399	.886
Domestic population's expectations	78.2308	358.024	.505	.883
Guests' expectations	77.7802	365.084	.386	.886
Guests' set of values	78.2088	358.967	.419	.886

Table 17

THE EXTERNAL ENVIRONMENTS SCALE RELIABILITY ANALYSIS
 OF CROATIAN HOTEL COMPANIES BY THE SEA IN 2005
 – FINAL RESULT

External environment factors	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Availability of capital	78.3611	324.938	.336	.883
Cost of capital	78.9306	323.446	.383	.881
Availability of managers	78.9444	321.941	.521	.877
Cost of managers	78.9722	319.971	.557	.876
Managers' quality	79.0278	313.858	.578	.875
Availability of seasonal workers	79.3750	300.153	.694	.870
Cost of seasonal workers	78.8472	312.526	.679	.872
Seasonal workers' quality	79.7500	308.725	.633	.873
Availability of permanent workers	78.6944	322.525	.484	.878
Cost of permanent workers	78.9722	321.661	.475	.878
Permanent workers' quality	78.6389	314.178	.538	.876
Levels of purchasing wholesale prices	79.0139	323.648	.422	.880
The facilities in terms of contents and space available in competitive countries	80.1944	320.018	.477	.878
Laws, regulations and other decisions at state level	80.0833	321.852	.505	.877
Decisions at local government and self-government level	79.8750	324.702	.418	.880
Green «association»	78.4306	328.277	.434	.879
Business moral	78.2500	318.134	.497	.877
Domestic population's attitudes	78.2639	326.620	.415	.880
Domestic population's expectations	78.0833	330.303	.405	.880
Guests' expectations	77.2083	328.083	.394	.880
Guests' set of values	77.6389	327.220	.325	.883

Table 18

THE INTERNAL ENVIRONMENT SCALE RELIABILITY ANALYSIS
OF CROATIAN HOTEL COMPANIES BY THE SEA IN 1999
– FINAL RESULT

Internal environment factors	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Procedure of setting objective	49.1648	149.161	.662	.876
Quality of setting objectives	48.8022	145.849	.757	.871
Possibility of controlling objectives	49.2637	149.219	.608	.879
The process of strategy formulation	49.2308	142.913	.781	.869
Strategies quality	49.0110	144.967	.753	.871
Coordination between strategies and the organizational structure	49.3736	148.126	.772	.871
The company size	48.4945	163.942	.376	.889
Stage in the company's life cycle	49.5055	156.875	.479	.886
Managerial structure competence	48.6813	159.708	.404	.889
Permanent workers' motivation	50.2198	156.951	.480	.885
Seasonal workers' competence	50.4615	158.962	.512	.884
The tourist supply quality	49.7802	157.484	.467	.886
The tourist supply variety	50.2088	157.389	.468	.886

Table 19

THE INTERNAL ENVIRONMENT SCALE RELIABILITY ANALYSIS
 OF CROATIAN HOTEL COMPANIES BY THE SEA IN 2005
 – FINAL RESULT

Internal environment factors	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Procedure of setting objective	54.4444	151.011	.625	.880
Quality of setting objectives	54.1806	148.685	.743	.874
Possibility of controlling objectives	54.2083	155.773	.602	.882
The process of strategy formulation	54.5972	147.427	.778	.872
Strategies quality	54.4583	148.026	.782	.872
Coordination between strategies and the organizational structure	54.9722	154.534	.708	.877
The company size	54.0417	169.364	.291	.895
Stage in the company's life cycle	54.5139	161.605	.449	.889
Managerial structure competence	53.7917	163.435	.527	.885
Permanent workers' motivation	54.7083	162.181	.494	.887
The tourist supply quality	54.6111	155.621	.532	.885
The tourist supply variety	54.9306	153.164	.540	.886
The facilities in terms of contents	55.2083	156.590	.531	.885

Table 20

THE TMT DYNAMICS SCALE RELIABILITY ANALYSIS OF CROATIAN
HOTEL COMPANIES BY THE SEA IN 1999 – FINAL RESULT

Statements	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Team members willingly cooperate with each other	23.6593	74.894	.885	.960
Conflict is dealt with openly and effectively	23.9560	71.820	.836	.966
The arguments are the main point in decision making	23.5604	73.182	.887	.959
There is a high level of mutual trust among team members	23.6813	73.220	.902	.958
There is a high level of tolerance among team members	23.5385	73.407	.919	.956
The professional authority is respected in the team.	23.4725	72.185	.917	.956

Table 21

THE TMT DYNAMICS SCALE RELIABILITY ANALYSIS OF CROATIAN
HOTEL COMPANIES BY THE SEA IN 2005 – FINAL RESULT

Statements	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Team members willingly cooperate with each other	26.2500	44.359	.790	.947
Conflict is dealt with openly and effectively	26.7639	42.549	.809	.945
The arguments are the main point in decision making	26.3333	42.732	.866	.938
There is a high level of mutual trust among team members	26.5278	42.196	.896	.934
There is a high level of tolerance among team members	26.3889	45.030	.866	.939
The professional authority is respected in the team.	26.1389	42.966	.861	.939