

Choice of entry mode, strategic flexibility and performance of international strategy in hotel chains: an approach based on real options

Elena García de Soto-Camacho^{1*} and Alfonso Vargas-Sánchez ²

Received: 01/09/2013 Accepted: 24/04/2014

¹Huelva University, Management & Marketing Department, Plaza de la Merced, 11. E-21002-Huelva, Spain.

Tel.: +34 959217851, E-mail: elena.gardeso@dem.uhu.es

² Huelva University, Management & Marketing Department, Plaza de la Merced, 11. E-21002-Huelva, Spain.

Tel.: +34 959217845, E-mail: vargas@uhu.es

* Corresponding author

Abstract

This paper presents an explanatory model for the choice of entry mode to an international market and its implications for the performance of the international strategy in hotel chains, under the dynamic approach of real options theory. The proposed model includes the analysis of some alternative variables to those already investigated in the literature, such as the perception of business uncertainty, international strategic flexibility, and the effect on performance of the international strategy based on the possession and implementation of real

options. Our results show that high levels of perceived uncertainty (exogenous and endogenous) and the interaction between the size and international experience of the company are negatively related to levels of international property investment, which allows the company to possess and implement real options conferring sufficient strategic flexibility to adapt its strategy in response to changes, in order to improve organizational performance. We also found that the possession of real options can negatively influence the image and the degree of access to a foreign market if the company exercises the option to leave that market.

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Keywords: hotel chains; strategic flexibility; internationalisation; mode of entry; real options.

Citation: García de Soto-Camacho, E. and Vargas-Sánchez, A. (2015). Choice of entry mode, strategic flexibility and performance of international strategy in hotel chains: an approach based on real options. *European Journal of Tourism Research* 9, pp.92-114