

FORMALISATION OF STRATEGIC MANAGEMENT AND ENTERPRISE SIZE IN THE RESTAURANT SECTOR: FACTORS OF INSTITUTIONALISATION OF MANAGEMENT PRACTICES

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Abstract:

The article investigates the relationship between restaurant enterprise size and the degree of formalisation of strategic management under conditions of a rapidly developing tourism destination. Based on a survey of 42 managers of seven leading tourist-oriented restaurants in Samarkand, Pearson's chi-square test establishes a statistically significant association between enterprise size and the degree of formalisation of strategic practices ($\chi^2 = 13.7$; $p = 0.008$; Cramér's $V = 0.40$). Small independent establishments, which constitute the numerical majority of the sector, are characterised by the lowest formalisation level, positioning them simultaneously as the main reserve for raising the strategic maturity of the industry and as the priority audience for managerial development programmes.

Keywords: Strategic management, formalisation, enterprise size, small business, restaurant business, chi-square test, institutionalisation.

Introduction

Institutionalisation of formal instruments of strategic management – the presence of a written strategic plan, regular scanning of the external environment, systematic performance measurement, documented regulations – constitutes a fundamental condition for enterprise resilience in a turbulent environment. However, the prevalence of these practices differs substantially depending on the organisational characteristics of the firm. Classical works on strategic management of small business [1, 2] establish a stable empirical fact: the degree of formalisation of managerial processes is positively associated with the scale of the enterprise's activity.

The relevance of the present study is driven by the structural characteristics of the restaurant sector of tourism destinations in the Republic of Uzbekistan. This sector is predominantly represented by small independent establishments, which provide a substantial part of the offering of food services in the target segment while at the same time facing managerial resource constraints. Identifying the degree and character of the relationship between enterprise

size and the formalisation level of strategic management makes it possible to substantiate the targeted configuration of support programmes for this group of enterprises.

The purpose of the article is a quantitative assessment of the relationship between restaurant enterprise size and the degree of formalisation of strategic management using leading tourist-oriented restaurants in Samarkand as the empirical base. Objectives: to substantiate the methodology of classifying enterprises by size and by degree of formalisation of strategic management; to conduct statistical testing of the hypothesis on the presence of a relationship between these characteristics; to interpret the obtained results in the context of practical recommendations for developing the strategic maturity of the sector.

Theoretical background

The relationship between firm size and the degree of formalisation of managerial practices is one of the stably reproduced propositions in the research tradition of small business strategic management. The mechanisms underlying this relationship may be summarised as follows. As enterprise size increases, the complexity of internal processes rises, which imposes objective requirements for formalisation of management. Larger establishments have greater resources for investing in managerial infrastructure – strategic planning, indicator systems, regular analytical work. Larger establishments experience stronger pressure from stakeholders (investors, suppliers, regulators) that stimulates the adoption of formal procedures.

At the same time, small independent enterprises are characterised by flexibility, personalised management and low coordination costs, which allow them to function on the basis of intuitive decisions of the owner-manager without pronounced institutionalisation of strategic processes. However, under conditions of intensifying competition and rising instability of the external environment, weak formalisation becomes a risk factor: intuition and operational reaction turn out to be insufficient for sustainable counteraction to structural challenges [3, 4].

Applied to the restaurant industry, the works of S. S. Skobkin [5] and F. Okumus et al. [6] note that the diffusion of formal instruments of strategic management in the food-service segment traditionally lags behind the general industry trend. The reasons relate to the family character of ownership, the predominance of technological (culinary) competence over managerial competence in the profile of owners, and insufficient institutional support for the diffusion of the corresponding practices.

The hypothesis tested in the present work is formulated as follows: there is a statistically significant relationship between restaurant enterprise size and the degree of formalisation of strategic management.

Materials and methods

The empirical base is a structured survey of 42 managers of seven leading tourist-oriented restaurants in Samarkand. Each respondent is classified by two variables. The first variable – restaurant size – is measured in three categories: small (fewer than 50 seats), mid-sized (50-120 seats), large (more than 120 seats). The second variable – the degree of formalisation of strategic management – is assessed via an aggregate indicator including the presence of a

written strategic plan, the regularity of environmental scanning, the systematic character of performance measurement and the presence of documented regulations of operational work. Values of the indicator are classified in three categories: low, medium and high degree of formalisation.

For statistical testing of the association between enterprise size and the degree of formalisation, Pearson's chi-square test was applied to a 3×3 contingency table (degrees of freedom $df = 4$). The strength of the association was estimated using Cramér's V coefficient. Given the hierarchical structure of the sample (observations nested within seven restaurants), the results are interpreted as indicative. Data processing was performed in IBM SPSS Statistics.

Results

The distribution of respondents across the combined categories of restaurant size and degree of formalisation of strategic management is presented in Fig. 1 and Table 1. A pronounced concentration of low formalisation is observed in the small restaurants group (12 respondents) and of high formalisation in the large establishments group (6 respondents). Mid-sized establishments occupy an intermediate position with the largest share of medium formalisation.

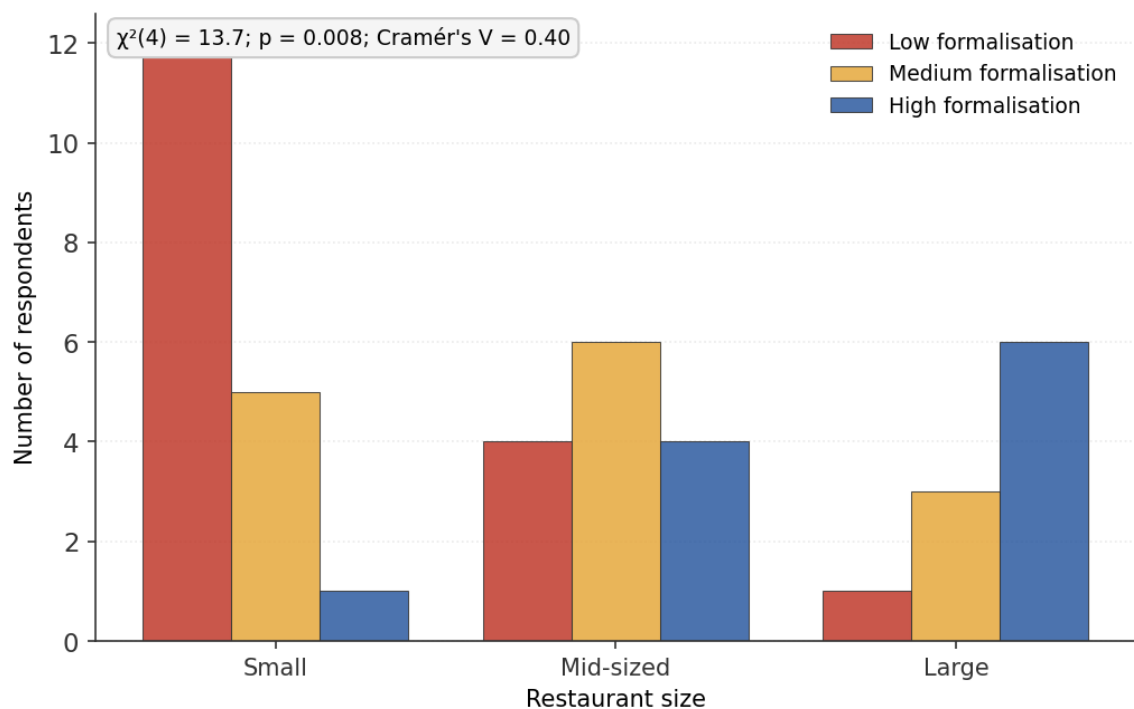


Рисунок 1 – Distribution of respondents by restaurant size and degree of formalisation of strategic management (author's calculations, IBM SPSS Statistics, N = 42)

Table 1 – Contingency table "restaurant size – degree of formalisation"

Formalisation	Small restaurant	Mid-sized	Large	Total
Low	12	4	1	17
Medium	5	6	3	14
High	1	4	6	11
Total	18	14	10	42

Source: author's calculations from the manager survey, processed in IBM SPSS Statistics.

The value of the chi-square test amounted to 13.7 with 4 degrees of freedom ($p = 0.008$), which allows rejecting the null hypothesis of independence of the categorical variables at the significance level $\alpha = 0.01$. Cramér's V coefficient equal to 0.40 indicates a moderate strength of association. The obtained results support the research hypothesis: the degree of formalisation of strategic management in tourist-oriented restaurants of Samarkand is statistically significantly associated with enterprise size.

Table 2 – Results of Pearson's chi-square test

Indicator	Value
Pearson's chi-square (χ^2)	13.7
Degrees of freedom (df)	4
Significance (p)	0.008
Cramér's V	0.40
Number of observations (N)	42

Source: author's calculations from the manager survey, processed in IBM SPSS Statistics.

The obtained value $p = 0.008$ is substantially below the accepted significance level $\alpha = 0.05$, which qualifies the observed association as statistically significant. The magnitude of Cramér's V of 0.40 corresponds to a moderate strength of association on the standard interpretation scale of this coefficient, indicating substantial practical significance of the identified pattern.

Additionally, a methodological limitation should be taken into account: some cells of the contingency table contain a small number of observations (1-3 values), which may violate the chi-square test assumption on the minimum expected frequency in each cell (at least 5). In this connection, the results are interpreted as indicative and require confirmation on a larger sample using alternative statistical procedures (Fisher's exact test for tables with small frequencies).

Discussion

The obtained results are consistent with propositions of the research tradition on the relationship between enterprise size and the level of formalisation of managerial practices, and specify them for the restaurant business segment of a tourism destination. The identified pattern has a dual interpretation from the standpoint of the strategic maturity of the industry. On the one hand, small independent establishments demonstrate the lowest level of formalisation, which under conditions of intensifying competition and rising environmental instability creates

additional risks for them. On the other hand, precisely this group possesses the largest reserve for growth in strategic maturity, since the adoption of simple formal instruments – a brief written strategic plan, regular scanning of the competitive environment, a limited set of key performance indicators – is able to provide a substantial gain in managerial quality at relatively low resource cost.

This has applied significance for the formation of support programmes for the development of the restaurant sector of the Republic of Uzbekistan. The target audience of such programmes should primarily be small independent establishments, while the substantive emphasis should shift from large-scale consulting projects toward simple, easily reproducible instruments of strategic management accessible for adoption by the owner-manager.

Conclusion

The empirical study conducted established a statistically significant relationship between restaurant enterprise size and the degree of formalisation of strategic management. Small independent establishments, which constitute the numerical majority of the tourist-oriented restaurant sector of Samarkand, are characterised by the lowest level of formalisation, positioning them simultaneously as the main reserve for growth in strategic maturity of the industry and as the priority audience for managerial development programmes.

Practical implications of the study consist in substantiating the need for institutional support of the diffusion of simple formal instruments of strategic management in the small restaurant business segment. Such support may be implemented through targeted training, the development of model forms of strategic documents and consulting assistance in the adoption of key performance indicators.

Limitations of the study are connected with the local character of the sample, the small number of observations in individual cells of the contingency table and the hierarchical structure of the data. Development of the present work is envisaged along the lines of expanding the sample, incorporating enterprises from different destinations of the Republic of Uzbekistan and applying alternative statistical procedures to verify the robustness of the identified pattern.

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