

Effect of forecasting and predicting on operational and financial performance 4 r...

[Business](#), [Management](#)



Research Paper

Introduction3

Relationship between resource utilization and forecasting (effective forecasting and predicting)5

Economy of UAE5

Hotel Industry of UAE6

Tourism Sector in Abu Dhabi7

Application of effective forecasting and predicting in the Hospitality Industry7

References8

Appendix (1)10

Interview questions10

Appendix (2)11

Questionnaire11

Introduction

The events such as globalization and technology development have increased the competition in every business segment and thus managers in organizations need to plan innovative practices so as to develop the ability to manage business processes effectively and predict the future trends (Goll& Rasheed, 1997). The top management in business organizations are involved in the strategic decision making that is primarily related to the long term goals of the organization. Uncertainty and unpredictability is a common characteristic of strategic business decision making (Eisenhardt, 1997). It is a challenge for the top management to seek solutions and business tools that

enhance the predictive ability of the managers in business decisions and increase the accuracy of the business decisions.

Hospitality industry of the UAE faces a lot of uncertainty as a result of the market dynamics in the Middle East regions. This is essentially because of economic disparities, political instability and technological factors that have become a direct impact on the hotel industry . With this in mind, managers need to have an extensive study of the market dynamics both in the past economy and presently. The data obtained can be used to anticipate for the future in an effective way managers need to develop an understanding of the past trends in order to anticipate for the future (Eisenhardt, 1997)

In order to foster for good decision making in as far as hospitality industry is concerned, there is an evident need to follow a designed protocol leading to identification of the most appropriate viable business strategy to implement. The assumptions made in the process of decision making ought to be realistic and practical. This ensures that the decisions made are within the scope of the business venture. Factors identified can be further categorized depending on their potential impact to the organization in question. This works to standardize the available options. Utilization of the concept used in predictive business models works to works to increases chances of making the right assumptions and build the confidence of the decision makers and analysts with reference to the integrate modeling process (Goll& Rasheed, 1997).

Researchers have since identified certain ways of predicting the future using historical data and records as earlier mentioned. This is essentially the concept of Crystal ball that has also been used in many other sectors

including the banking industry. Banker and accountants carry out financial analysis of the projected future trends in the economy using past financial records in the bank's custody. It is always important for the manager to have information of about the market trends so as to prepare for possible risks and other business opportunities in the market (Carlisle, 2004). Using this forecasting tools has been very instrumental in aligning the plans of the organization in line with the future needs of the market. Using this predictions also requies one to be very proactive and exhibit ability to properly judge on future projections on basis on viable market structures and model theories.

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Effect of forecasting and predicting on operational and financial performance

Risk Analysis

Risk analysis essentially entails ability of the company to undertake in the assessment of models for different scenarios in the course of predicting future outcomes in the market where the organization operates. An extensive analysis woks to help properly identify risk factors in the order of their possibility of occurrence and sets up a mitigation place to contain it should occur. Successful business manager have been very keen on carrying out regular risk assessment and analysis processes with the main aim of avoiding such incidences from happening to the organization with prior knowledge. In the hospitality industry, businesses are subjected to risks of all nature more so pertaining to security and possible political strife. Customers will always be confident going to places that are secure and where their

safety is guaranteed. For this reason, industries in this sector have been very responsive in ensuring the safety of its customers at the present time and in the near future has not be compromised. With the application of risk management protocol, the organizations have been able to set precautionary measures in place so as to mitigate risk and win trust and loyalty of its esteemed customers (Eisenhardt&Zbaracki, 1992).

Financial Performance Analysis:

Financial performance is a very critical operation for any business firm that wants to excel in its operation. It is important not only to the banking sector but in hospitality and other sectors of the economy. Assessing financial performance provides vital data to the managers in as far as effective monitoring of the organization's operations in the industry is concerned. This analysis protocol also helps managers identify areas that are underperforming and needs to be upgraded and generally in executing sound decision making based on the situation at hand. It also streamlines its operation including budgeting and planning to focus towards creased efficiency in the various departments.

Effective management of the department of finance that deals with management of finances and budgeting for company's projects and plans is mandatory to guarantee their successful implementation to the latter. For any plan be successful, there is need to have proper budgeting and financing done way before hand. This explains the importance of having reliable future projections so as to invest in the right kinds of projects and at the most opportune time. All these plans need to be synchronized to meet future needs of the organization and guarantee sustainable. Without a proper plan

and strategic approach set-out by the organization, cases of misappropriation of funds tend to be on the high. Chances of the organization investing in the wrong projects in reference to future market trends remarkably increases. This calls for the need to carryout regular financial performance analysis and come up with viable recommendation that will work to seal any loopholes or inefficiencies in the system. (Goll& Rasheed, 1997).

Relationship between resource utilization and forecasting (effective forecasting and predicting)

Resource utilization entails ability of an organization to effectively utilize its resources including human labor so as to increase productivity and efficiency. Proper resource utilization plays an integral role in ensuring that there are no wastages in the production chain and the system's efficiency works perfectly well with all the departments working collaboratively to meet the ultimate company's objective. Minimization of wastes and increased efficiency ensures high productivity. However, this process may not be as effective without proper strategic plan and ability to project future trends in the market. Effective predicting helps the managers to utilize their resources in the right fields in anticipation of eminent risks. All resources can be channeled towards a particular course of action to mitigate risks and guarantee sustainability in the industry. Effective forecasting and predicting has not only enhanced organizational future sustainability but rather ensured that the resources are utilized for the most appropriate project plan. It is evident that managers who evade the costs of under taking regular surveys of the market but rather work to maximize their cost of profit margins are

not sustainable. Such businesses crumble down with time due to lack of structures required to meet the ever changing needs and preferences of the market. They hence lose relevance and lack the financial might to bounce back to their previous economic stature.

In the case of Abu Dhabi National Hotel, it is evident that its top managers are keen on working with forecast information to come up with viable decisions that increases organizations potential to meet the varied consumer needs in the market domain consumer needs. Given the dynamism characteristic of the hotel service industry there is need to keep in touch with the latest developments and technological advancement so as to remain at par and steady with other industry leaders.

Through its use of crystal ball, Abu Dhabi National Hotel top managers have streamlined all the operations of the organization towards meeting both the current and most importantly future market expectation. This has led it into utilizing most of its resources into preparing the organization for structural or technological changes. Such changes tend to dig deep into the organization's financial might and potential however the returns that comes with such investment and resource utilization is worthwhile. This is what makes Abu Dhabi National Hotel remain relevant in the industry and retain its position at the helm of the hospitality sector. It is important for any business corporation to maximize on resource utilization so as to ensure high returns on investment. Forecasting and effective prediction of market trends helps managers evaluate eminent problems or bottlenecks that are bound to curtail the operations of the industry basing on past historical records and hence be in a position to evade such cases or take appropriate precautionary

measures as in crystal ball approach. In the hospitality industry, the business faces the aspect of fluctuating customer numbers depending on the season of the year. During summer holidays and in the festive periods, the business records exceedingly high sales then faces an extended low customer season after that. With such evident market trend, the hotel can prepare for the high season by increasing its hotel facilities and labor force to build its capacity to handle the exceedingly large numbers than the ordinary. The hotel also does extensive marketing and advertisement out on its target population to maximize fully on the season. The prices of services offered also tremendously goes up. Such information obtained from past trends in the industry works to ensure that the hotel makes the most from the season to cover up for the eminent low season. Learning the dynamics and nature of its targeted population enables the hotel to customize its services to fit the needs of its respective clients.

Economy of UAE

UAE has been performing well on its economic front for the year 2014 owing to increased private investors and vibrantly growing sectors such as mining, trading and tourism among other sectors. The recent political stability and stable economic growth has attracted investors from far and wide as they come in to maximize on the growing economy and utilize the large available labor resources. With such a vibrant economy, the hospitality industry also tend to gain much from the same as high number of visitors stream in for their various individual objectives. The highly minimized incidences of political war and d strife tends to scare away visitors and hence tremendously affecting the hotel industry. Hence performance of Abu Dhabi

National Hotel is wholly dependent on other external factors beyond the scope of the organization. The participation of the country in the forthcoming trade expo in the year 2012 will work to boost its hospitality industry on an international forum. This works to increase future prospects with regards to increased tourism. The hotel industry including Abu Dhabi National Hotel work towards capitalizing on the high customer turnover rate.

Figure 1 Economic Performance of UAE

Hotel Industry of UAE

The UAE hotel industry has showed a very strong foundation in this sector of the economy. The residents and foreign based clients have since gained confidence in this institution owing to the reputation that it has established over the years. The inhabitants or residents are very friendly and accommodative hence giving people from other regions a feel of their home. This has also worked to the advantage of the hotel industry in United Arab Emirates. This being a service industry, customers want to feel at peace and well secured. Increased security details also work to the advantage of establishing a viable hotel business. The future of UAE is bright with increased population and business activities.

The residents are also very loyal and have hard working spirit that makes the labor very productive. Recent stability and steady economic growth makes UAE a place where every business personality would like to be and invest their resources.

The UAE hotel industry has over the years showed progressive improvement on its performance on both the local and global market. It has since demonstrated a very competitive performance threshold in the third quarter

of 2014 as the company can occupy a rate of 100 percent in the productivity of the hotel industry in Abu Dhabi . Some hotels are launching expansion plan owing to the ever growing population. With an effective forecasting and prediction ability, an investor may establish an expansive hotel and restaurant resort. This is in reference to potential present in the market domain.

The UAE hotel industry has showed a strong performance in the third quarter of 2014 as it has can occupancy rate of nearly 100 percent in the hotels and the profitability of the hotels is quite high . The hotel brands such as Marriott Hotel are launching expansion plans to provide to the high demand and profitability through the growth in visitors in the coming years.

Tourism Sector in Abu Dhabi

Tourism in Abu Abu Dhabi is expected to reach a growth rate of 15 by the end of the year 2014. With it steady growth and very little interference from other external forces, the organization has over established and build a very strong network of employees across the globe. ABU Dhabi hotel is a clear demonstration of how UAE has grown in stature and economically to meet the needs of the corporate world. Tourism sector in UAE has since attracted over 3.3 million tourists from all over the world with the key role goal of ensuring economic stability and improve foreign exchange rate on its currency.

Application of effective forecasting and predicting in the Hospitality Industry

It is essentially an uphill task for the hotel owners to predict possible the risks; the hotel has however gotten a blow owing to the current cases of Ebola and SARS among other terrorist related activities that incapacitates

the operations of the Abu Dhabi. Hence despite being manageable; the company's performance is not very reliable. It keeps on changing depending on the dynamism of the market. Most of such risks are from the external environment hence essentially outside the grip of the organization. The role played by crystal ball in planning for the possible future endeavors in the operation of the organization.

Literature review

A number of literature materials have been categorical in examining the various management models that have been in use in the actual business operation and yield great results. It is evident that forecasting and predicting of market trends and possible hurdles in the course of operation has played an integral role in providing managers with viable solutions to their business plans and decision making process. It have also formed. Authors such as James Charnes in his book Financial management using crystal ball and excel worked to demonstrated the whole importance of having a well structured plan that is engineered to execute a remarkable business plan that keeps into consideration the nature of the market at the present and in the near future. James states that, it is essential to utilize previous records of the company in question to come up with other viable possible plans for the future endeavors. He continues to say that financial records are one of the most vital data that can be used by managers in decision making for purposes of future business plans. Financial management can never be efficient without the having in place various documented information to provide guidance in the course of projecting future possible plans.

Furthermore, James Charnes goes ahead to outline the various benefits that

comes with the use of crystal ball by top managers in the organization and these include as: first, effective use of the model and execution of the plan leads to a successful business venture. Being a valid model that has already been tested and affirmed to be feasible it saves a lot of time and risks that is exposed to managers who go ahead to try out new models that have not been tasted and affirmed hence posing them at a high risk of implementing unreliable model. Thirdly, Crystal ball sensitivity analysis plays an integral role in determining factors having an impact on a complicated business operation. The practical analysis of potential factors that affect the operations of the organization in the real environment. The model is essentially realistic and practical and hence works effectively in achieving the ultimate goal and objective of the organization. Lastly, crystal ball has the exemplified as an agent of change fostered to make all the positive adjustment to an organizational setting and establish other viable approaches towards meeting the overall of the organization. It demonstrates the impact of change in the different sections of system. It is specially design to ensure positive effect on output. Its simplicity also makes its use manageable. Other researchers like David Anderson served to explain how risk analysis is executed using crystal models. It is of paramount importance to note that simulation of the process will be executed data the using excel. This can be used for data analysis and interpretation of historical data to assist managers and top company officials with process.

- Sampling strategy

The research study will make use of simple random sampling. This means that questionnaires will be managed in way that every person will have an

equal chance of being selected. The 40 respondents will offer true reflection on the impact of crystal ball on top managers in the Abu Dhabi National Hotels

- Data collection

Literature is an essential component of any research work and it seeks to demonstrate the authenticity and credibility of the research work. We have made use of research materials in this literary review to support our assertions and findings.

Literature is ' an essential component of any study will collect primary and secondary data in conducting the research. Bayat and Fox (2007) claim that the various types of data collection methods include open-ended questions, surveys, use of focus groups, key informant interviews, and administering of questionnaires. The secondary data will be collected from official statistics, company annual report, company website business journals, reference books, technical reports, and literature review articles. In his book management decision-making and spreadsheet modeling serves to demonstrate the structural layout of the whole process. It employs the use of statistical methods of analysis including use of software to break down the complex data into simpler and essentially easy to interpret results.

The process of data collection is done by first collecting and harnessing data from the sample population. It is evident that the data being collected ought to be viable, authentic, practical and realistic. This works to ensure that the research goes on uninterrupted; and also ensures that the information from the field is not tampered. Data collected; that has been significantly tempered will substantially compromise the whole process and such needs

to be redone as the results from a compromised experiment cannot be credited.

- Target population

The target population for this particular research is approximately 40 participants who occupy top managerial positions in the Abu Dhabi National Hotels and are impacted by the crystal ball in one way or the other. The participants are identified for interview to obtain their views on crystal ball and its impact on managerial decision making or otherwise. Open ended questionnaires were used to collect the respective views of every manager's opinion on aspects of forecasting and crystal ball concept. A hypothesis was also established in the course of carrying out data collection from the participants. The hypothesis states that: Crystal ball has a direct correlation with decision making and critical thinking aspects of the managers. This hypothesis can either be null or alternative depending on the opinion of the participants slated for the interview.

The research study will make use of simple random sampling. This means that questionnaires will be managed in a way that every person will have an equal chance of being selected. The 40 respondents will offer true reflection on the impact of crystal ball on top managers in the Abu Dhabi National Hotels.

- Sampling Strategy

The research study makes use of simple random sampling system in which each member of the sample population has equal probability of being chosen. A simple random is meant to be fair representation and reflection of the rest of the population from where the sample was obtained. The selection

of the 40 participants was randomly done to obtain the representative population.

The participants are expected to be true to one self; to increase the efficiency of the whole research process and increase the accuracy of the eventual results obtained. The 40 participants will offer their accounts about the impact of crystal top managers in the Abu Dhabi National Hotels

Research Procedures/Steps

The procedure for undertaking the research protocol entails:

- Identifying the sample respondents from the population randomly
- Distributing questionnaires to all the 40 respondents
- Collecting data from all the participants and organize them in a logical and systematic manner for easy retrieval
- The collected data is then subjected to analysis using statistical data analysis tools such as SPSS
- The analyzed data is then computed and compared to already documented literature results. Draw a comparison between observed data and actual data serves to give interpretation for the experiment
- A final report and deductions can be made

Professional Profile

Organization Name Designation

Survey Questions:

- Have you heard about using forecasting for strategic decision making and planning?

Yes No

Yes 1

No 2

Deductions

A few managers affirmed that they have never heard of the forecasting for strategic decision making and instead relied on their top management organs to make crucial decisions basing on their individual analysis of the market trends

Deductions

- How often is Crystal ball (predicting and forecasting functions) used in your organization?

Never Occasionally Often

Never 1

Occasionally 2

Often 3

About 9 out of the possible 40 participants demonstrated that they often use crystal ball for forecasting, about 7 managers never used crystal ball in their management. 24 and the majority of the managers asserted that they occasionally use the crystal ball approach to management and planning.

T2op Management Manager Level Executive Level

Top Management 1

Manager Level 2

Executive Level 3

Discussion

- The main reasons why you or your organization uses forecasting include (Tick all applicable.):

Decision Making Data Analysis Reliability Convenience/Ease of use

Low Cost Other reasons

Decision Making 1

Data Analysis 2

Reliability 3

Convenience 4

Low Cost 5

Other Reasons 6

Discussion

There is a clear show of how crystal ball has been used for decision making. This is essentially the core aspect of the business strategy. Many managers utilize it for purposes of gaining an oversight of the market dynamics and gain a competitive advantage over their competitors.

- The impact of forecasting on the operational efficiency of the organization can be best described as:

High Medium Low No impact

High 1

Medium 2

Low 3

No impact 4

The results from the questionnaires indicated that 20 of the 40 managers stated that forecasting had a positive impact on the organization; 15 showed medium impact while 5 participants were of the view that it had a significantly low impact on the organization's performance.

Half of the participants who are managers in their respective firms demonstrated confidence in the forecasting and prediction strategy as

having a significantly effect to the performance of their organization. It goes without say that with effective implementation program, it is guarantees positive performance while organizations that do not have proper structures in place fail to realize the positive impact of crystal ball to their performance.

- The impact of crystal ball on the financial performance of your organization is:

Positive Negative No change

Positive 1

Negative 2

No change 3

Discussion

This is a clear demonstration of how crystal ball has had a positive impact in the financial management if the various organization. With three quarters of the participants demonstrating that they have a positive impact is a clear demnstration that the process in viatl for business and is a viable venture.

Results Analysis Plan

The data collected from the 40 participants and undertaken through a series of statistical data analysis was based on the management theories and models. The deductions made are done in reference to “ the effect of crystal ball on top managers”. In this research study, there are two variables that are subjected to statistical analysis and these include: the impact of crystal ball (independent variable) while the top executive managers of the company are considered dependent). This study serves to examine the correlation between these variables as depicted at the work place. The

descriptive experimental design of the individual variables will be utilized; the independent variable is however not manipulated.

In conclusion the information obtained from the interview serves to provide a viable explanation on the productivity of crystal ball in management and how the different managers view the concept. Their recommendation and general observation serves to make feasible management approaches. The data will be analyzed using statistical methods based on the theories and hypothesis. It will be based on the research example "the effect of crystal ball on top managers." The impact of crystal ball is the (independent variable), while the performance of top managers is the (dependent variable). The research study will examine the correlation between these variables. The descriptive experimental design will be used because an independent variable is determined but it is usually not manipulated by the experimenter (Shields, Patricia, & Tajalli, 2009).

Data analysis includes transforming data collected into meaningful representations to identify what is meaningful for the research project. It will be analyzed with the help of SPSS charts and diagrams as it is easily produced and supportive to reach the conclusion of the research. The different aspects of the literature review will also be linked to the quantitative findings of the report, to identify if they confirm the findings of previous researches. Thursday, 16 October 2014

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Appendix (1)

Interview questions

The aim is to seek answers to the following questions:

- What is the value of crystal ball on the performance of top managers?
- What are the long term effects of crystal ball on managers?
- What is the relationship between crystal ball and operational performance?
- What is the relationship between crystal ball and financial performance?