

Student name: Mohammed Bab Al Fazal

Student number: 2118712

The module title and module code: BMIH5004- Management & Organisational Behaviour (Report)

Lecturer's name: Jessica Newport

Executive Summary

The following report evaluates organisational structure, culture, recent initiatives of change in Hyatt Hotels Corporation, and strategic directions. Hyatt's divisional structure and people-first culture drive operational success but raise coordination challenges between its brands. The acquisition of Apple Leisure Group and digital innovations have increased its market reach and improved the guest experience, and it needs effective management. Hyatt's efforts toward sustainability meet customer expectations, though it is never enough. According to the report, competitiveness, customer loyalty, and long-term growth in an ever-changing hospitality industry should be based on employee well-being, sustainable operations, and digital innovation.

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Introduction

Hyatt Hotels Corporation is the leading global hospitality company with over 1,200 properties across 72 countries. Founded in 1957, it is known for such luxury, lifestyle, and mid-range hotel brands as Hyatt Regency, Park Hyatt, Andaz, Hyatt Place, and many others. Hyatt aims to have guests' truly unforgettable stays for leisure and business travellers alike while driving sustainability through efforts such as World of Care.

This report aims to critically assess and evaluate Hyatt's organisational structure, corporate culture, and recent change initiatives and strategic direction by applying relevant management theories. Challenges the organisation faces are identified and practical recommendations are made for further improvements.

Main Body

Organisation Structure, Culture, and Goals

Organisational Structure: Hyatt has a divisional structure, where specific brands, such as Park Hyatt and Hyatt Place, enjoy a degree of autonomy while being governed by the corporation (Abdelrady & Hussien, 2020). Each hotel brand, in this case, can target a niche in customer segments, such as high-end travellers and budget tourists, by utilising the strategic know-how of the central corporate team.

Benefits:

- ❖ Decentralisation allows for flexibility and ensures quick response to the needs of the local markets.
- ❖ This specialisation enables each brand to focus on its niche, thereby enhancing service quality and improving the customers' experience.

According to Mintzberg's organisational configurations theory, Hyatt is a divisionalised organisation. It contains semi-autonomous units working under the head office (Aubke & Kubak, 2020). Such a structure works best for companies involved in many product lines. However, this type of configuration can be very challenging.

Shortcomings:

- ❖ There is a possibility of coordination challenges when aligning brand activities at the corporate level.
- ❖ There are high costs associated with maintaining management teams for each division separately.

Corporate Culture: It is a people-first philosophy wherein Hyatt gives more attention to employee welfare and satisfaction, as well as to guests. They believe that taking good care of their people means that the guests will receive better services (Brain & Baratta, 2022). Some of the core values of Hyatt include empathy, respect, and taking care, which have been manifested in daily operations.

Using Schein's model of organisational culture, Hyatt's culture can be analysed as described below.

- ❖ Artefacts: The tangible aspects are luxury amenities, well-maintained properties, and consistent branding within all hotels.
- ❖ Espoused values: Through excellence in customer service and care for its employees, Hyatt works to espouse two very valuable values (Chica-Olmo, 2020).
- ❖ Underlying assumptions: It is through hospitality that guests' well-being and comfort are improved to create memorable experiences.

Challenges:

Because Hyatt operates as an international company with a cultural difference in most of the hotels, it is hard to have the same standard in the provision of services across all its hotels (Denizci Guillet, 2020). A strong culture of care may also limit the cost-cutting efforts which at times are necessary for profitability.

Organisational Goals: At the corporate level, Hyatt aims to:

- ❖ Offer exceptional experiences to the guests.
- ❖ Create value for the shareholders through the attainment of sustained growth.
- ❖ Care for the planet on the World of Care platform.

At the individual unit level, hotels focus their operations on the following activities:

- ❖ Enrich local customers through the offering of personalised services.
- ❖ Nurture employee well-being and a positive working environment

Alignment of Goals:

Hyatt aligns corporate and individual hotel goals through a well-structured balanced scorecard approach, with the same metrics on customer satisfaction, financial performance, and sustainability goals tracked at the corporate and individual hotel levels (Kasliwal & Agarwal, 2019).

Recent Change Initiatives:

Identification of Change Initiatives: Various change initiatives that have marked Hyatt's movement to further competitiveness and shifting market needs include the following.

Acquisition of Apple Leisure Group (ALG): Hyatt acquired ALG in 2021 to further its reach into the all-inclusive leisure markets (Laforet, 2022). This deal brought over 100 additional hotels to Hyatt, while further solidifying Hyatt as a leader in luxury travel.

Digital Transformation: Hyatt has started contactless check-ins and has been updating its mobile app for frictionless guest experiences.

Sustainability Pursuits: Hyatt intends to achieve a 27.5% carbon emissions reduction and be more energy-efficient by 2030. The goals set by this hotel chain coincide with other global sustainability objectives (Mackay et al., 2023).

Those mentioned changes are adopted by the selected hotel group within their business function by focusing the future development in the broader competitive markets arena.

Impact of the Changes: There have been several impacts observed by the authority of this hotel group after taking changing actions within their operations. Those impacts are as follows:

Growth in Leisure Travel: Acquiring Apple Leisure Group has been an opportunistic moment for Hyatt to expand its brand into high-demand leisure markets, especially the all-inclusive resort segment (Menezes & Cavagnaro, 2021). This move will extend the customer base for Hyatt to tap into a number of vacation travellers, drive competitiveness in the markets, and ensure substantial revenue growth. This was simply an expansion into newer destinations, increasing the leisure portfolio, and diversifying Hyatt from an enterprise focused on business travellers.

Enhanced Guest Experience: Hyatt, in response to the COVID-19 pandemic, expanded services offered to contactless check-ins and aggressively enhanced their mobile app to meet the evolving expectations of guests (Penn & Hu, 2020). Such innovation has improved convenience and enhanced safety, making guests feel more secure during their stay. Consequently, this will lead to higher customer satisfaction and enhanced brand loyalty, whereby the company also demonstrates agility to address pandemic-related challenges (Pirnar, 2020).

Sustainable Achievements: Regarding sustainability, the efforts Hyatt undertakes take into consideration the trend of going green when it comes to travelling (Soumyaja & Tom, 2019). Positioning itself as responsible means that, by 2030, the company promises a reduction in carbon emissions, along with increasing energy efficiency throughout all its properties. While such efforts charm eco-conscious travellers, they position the hotel chain to stay current with the global trends toward sustainable tourism, cementing its place within the industry for many years yet to come. Ultimately, the changes continue to favourably impact Hyatt's brand image, guest experience, and market position.

Evaluation of Change Management: Using Kotter's 8-Step Change Model, it can be assessed that Hyatt's system for managing this type of initiative was:

- ❖ Creating urgency: The need to respond to the demand for leisure travel and online, digital services was identified as something Hyatt needed to do with escalating urgency (Xia et al., 2020).
- ❖ Form a guiding coalition: In practice, the cooperation between corporate leaders and managers of the brand was applied well in running these changes.
- ❖ Strategy and vision: The organisational strategic attention of Hyatt was portrayed well internally to ensure alignment.

- ❖ Enable to act: There was freedom accorded to hotel managers to implement contactless solutions at the property level.
- ❖ Short-term wins: Positive feedback from guests authenticated the success of early digital initiatives.
- ❖ Consolidate Improvements: Hyatt began implementing the new systems into daily life.
- ❖ Institutionalise Changes: Now, changes are being inculcated into Hyatt's Brand DNA.

Challenges:

- ❖ Smooth reconciliation had to be managed between Hyatt's legacy properties and the resorts of ALG.
- ❖ Workday classes required staff to adjust to the new digital tools, which slowed down operations from the beginning.

Strategic Direction:

Three key areas of focus for Hyatt's strategic orientation create a strong foundation for long-term growth and competitiveness: drive the expansion into leisure markets, innovate in the digital space, and take the lead in sustainability.

This growth in leisure markets also illustrates Hyatt's strategic diversification from strictly business travel into brands like Apple Leisure Group. It further entrenches Hyatt in vacation destinations, particularly in the all-inclusive resort segment, and has helped to expand the company's portfolio and customer base (Dimitrios et al., 2020). Partnerships with other hotel brands and developers continue to position Hyatt as an industry leader in both luxury and mid-tier leisure travel.

Other major components of Hyatt's strategy involve digital innovations: contactless check-in, AI-powered guest services, and mobile apps. These efforts contribute to hygiene for guests' convenience and help with operational efficiency within Hyatt

(Harrison, 2023). These initiatives are not only helping the company meet the rising expectations of customers but also allowing Hyatt to streamline processes, reduce operational costs, and offer experiences tailored to their preferences.

Last but not least, sustainability leadership makes Hyatt's strategy in tune with the trends of the whole industry and environmental standards. With such initiatives as reducing carbon emissions, energy conservation, and sustainable sourcing, Hyatt appeals to eco-conscious travellers (Patil et al., 2017). All these also contribute to the corporate social responsibility goals of the company, therefore strengthening Hyatt's position about sustainable tourism and its long-term market relevance.

Strategies for Achieving Objectives: Some have included strategies which help achieve the predetermined objectives of the organisation. Those strategies are provided in the given below:

- ❖ Mergers and Acquisitions: The acquisition of ALG directly reflects Hyatt's focus on expanding its leisure market footprint to meet high vacation demand.
- ❖ Brand Diversification: With Hyatt, there are offerings of luxury, lifestyle, and affordable hotels to a wide market range (Prabhu et al., 2024).
- ❖ Technology Integration: Hyatt uses AI-fuelled systems to afford even more tailored experiences for their guests-from recommending activities or amenities that might appeal to them.

Analysis of Strategic Implementation

Hyatt applies the differentiation strategy, according to Porter's Generic Strategies, with an emphasis on offering unique guest experiences and truly personalised services with its diverse portfolio (Stanisic & Čerović, 2020). It has differentiating features such as being capable of offering luxury products, including Park Hyatt, to lifestyle brands like Andaz, which include personalised service, captivating experiences, and incomparable amenities. This wide reach targets everything from high leisure to business professionals and allows Hyatt to command loyal customers at higher price levels and thereby achieve a competitive advantage.

From balancing profitability with sustainability perspective, eco-friendly practices are combined at Hyatt within its operations to make sure of its financial performance. For instance, energy-efficient buildings, waste reduction, and sustainable sourcing are all parts of responsible tourism (Stanisic & Čerović, 2020). However, this kind of balance is quite challenging to maintain; after all, investments in sustainability may result in higher operational costs in the short run.

Competitors like Marriott and Hilton raise the stakes of staying ahead of the curve. Hence, Hyatt needs to maintain its premium positioning while looking toward new trends in digital innovations and sustainability in travel (Tinnish, 2018). Hyatt is determined to continuously update its services without compromising on current environmental and customer expectations to ensure profitability while sustaining its vision for long-term relevance in the market.

Recommendations

Loyalty Programmes with an Extra Garnish: Enhance the membership programme, World of Hyatt, through exclusive membership benefits regarding responsible travel and rewards for making environmentally friendly choices.

- ❖ By whom: Marketing and Operations
- ❖ By When: Within the next 12 months
- ❖ How: Offer carbon offset initiatives or discounts to guests who elect sustainable travel options.

Employee Well-being and Training: Implement mental health support and additional employee training programs.

- ❖ Why: It reduces labour turnover and enables consistent service levels.
- ❖ Who: Human Resource teams and hotel managers

More Emphasis on Eco-Friendly Operations: Increase the dependency on renewable energy sources and implement waste reduction programs.

- ❖ Where: First in resorts where the footprint is maximum (Wickham et al., 2020).
- ❖ How: In association with sustainability consultants, prepare customised plans.

Technology and AI Adoption: Continue investing in AI technologies that enhance personalisation for guests and operational efficiencies.

- ❖ Why: To be ahead of the competition in the technology-driven marketplace.

Conclusion

In conclusion, the divisional structure and people-first culture at Hyatt Hotels Corporation have supported quality guest experiences and brand loyalty. These very strengths create some challenges in coordination across diverse brands, requiring strong management to maintain consistent service standards. Recent moves, such as the addition of Apple Leisure Group (ALG) and other digital transformation endeavours, have quickly been added to the Hyatt marketplace presence to enhance guest experiences. These are enhancing competitiveness, but such change requires careful integration and execution to avoid disruption in operations. While Hyatt does have some appealing sustainability efforts for the growing number of consumers who would like to travel green, the chain still has work to do to keep up with ever-improving environmental standards. Some key focus areas in these recommendations that will provide a competitive edge for Hyatt include employee welfare, sustainability, and digital innovation. By doing so, Hyatt will manage to improve customer loyalty while attracting new travellers for long-term growth within the fiercest competitive levels seen so far within this industry.

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