

BA (Hons) International Hotel Management

Personnel Resourcing and Development

Analyse the impacts of socio-economic force on employees' performance

management and monitoring in different work modes

(Hospitality HR's perspective)

BMIH5005

Riccardo Stefanelli

Student Number: 2216158

Lecturer: Helen Lee

EXECUTIVE SUMMARY

- **INTRODUCTION**
- **BRIEF INTRODUCTION OF IHG GROUP**
- **PESTLE ANALYSIS**
- **WORK MODES**
- **SOCIO-ECONOMIC FORCES AND PERFORMANCE MANAGEMENT**
- **IGH AND HILTON SOCIO-ECONOMIC FACTORS COMPARISON**
- **RECOMMANDATIONS**
- **CONCLUSION**
- **REFERENCES**

Introduction

In today's dynamic and competitive business environment, organizations are constantly looking for ways to enhance their employees' performance management and monitoring strategies. The hospitality industry, including IHG Hotel Group, is not an exception. However, the impact of socio-economic forces on employees' performance management and monitoring in different work modes cannot be overlooked.

This essay aims to analyse the impacts of such forces in the context of IHG Hotel Group from a Hospitality HR perspective.

Socio-economic forces encompass several factors that influence individuals and organizations' behaviour, decisions, and performance in the workplace. In the context of IHG Hotel Group, these forces can impact employees' performance management and monitoring systems, considering the impact of the social and economic aspects on employees' motivation, satisfaction, and overall productivity.

The InterContinental Hotels Group (IHG) is a global hospitality company that operates a portfolio of well-known hotel brands. When conducting a PESTLE analysis for IHG, it is important to consider various socio-economic factors that may affect its operations:

Political factors:

Changes in government policies, regulations, and geopolitical events can affect IHG's business operations in different regions. Political stability, trade agreements, and taxation policies can all have implications for the company.

Economic factors:

Economic conditions, such as GDP growth, inflation rates, exchange rates, and consumer spending patterns, can influence demand for hospitality services and impact IHG's financial performance.

Social factors:

Changing consumer preferences, demographics, cultural trends, and societal values can shape the demand for specific types of accommodation and experiences offered by IHG's brands.

Technological factors:

Advancements in technology, such as online booking platforms, mobile apps, and data analytics, can affect IHG's marketing strategies, customer engagement, and operational efficiency.

Legal factors: Compliance with local and international laws, regulations, and industry standards is crucial for IHG to ensure ethical business practices and avoid legal risks.

Environmental factors:

Sustainability initiatives, energy efficiency, waste management, and environmental regulations are becoming increasingly important for IHG to address as part of its corporate social responsibility efforts.

By analysing these socio-economic factors and conducting a comprehensive PESTLE analysis, IHG can better understand the external environment in which it operates and make informed strategic decisions to navigate challenges and capitalize on opportunities in the global hospitality industry.

Social factors:

Social factors such as culture, diversity, and teamwork play a significant role in shaping employees' performance management and monitoring strategies. In a diverse hotel group like IHG, with employees from divergent backgrounds and cultures, it is crucial to account for socio-cultural differences in performance management approaches. For instance, considering cultural differences can help design performance evaluations that align with varying expectations and values of employees.

Moreover, fostering a teamwork culture is vital in the hotel industry. By promoting collaboration and team-based performance management, IHG can create an environment where employees support and motivate each other, leading to improved performance across different work modes.

Economic Factors:

Economic forces, including compensation and benefits, job security, and career growth opportunities, significantly impact employees' motivation and performance in the workplace. IHG Hotel Group needs to carefully consider these factors in its performance management and monitoring strategies.

Fair and competitive compensation packages can act as a motivator for employees, enhancing their performance in all work modes. Ensuring job security and providing opportunities for career growth and development can foster a sense of loyalty and commitment, further contributing to employees' performance.

Impact of Work Modes on Performance Management and Monitoring

In IHG Hotel Group, different work modes, such as remote work and on-site work, have become relevant considering the COVID-19 pandemic and changing work trends. Analysing the impact of socio-economic forces on performance management and monitoring in these work modes becomes crucial.

Remote Work:

The rise of remote work has been accelerated by the pandemic. IHG needs to adapt its performance management and monitoring strategies to accommodate the unique challenges and opportunities associated with this work mode.

In the context of socio-economic forces, remote work can present both benefits and challenges. On the positive side, employees may experience increased flexibility, reduced commute stress, and improved work-life balance. However, socio-economic factors such as lack of face-to-face interaction, limited social connections, and potential feelings of isolation can impact employee motivation and performance.

To effectively manage and monitor remote employees' performance, IHG needs to implement remote performance evaluation tools, including setting clear objectives, regular check-ins, and leveraging technology for performance tracking and feedback. Additionally, providing opportunities for virtual collaboration and social interactions can help mitigate the negative impact of social factors in remote work settings.

Over the past five years, the hospitality industry has witnessed a significant evolution in work modes, driven by technological advancements, changing consumer preferences, and the impact of global events such as the COVID-19 pandemic. Some of the key emerging work modes in the hospitality industry include:

Remote work: The rise of remote work has become more prevalent in the hospitality

industry, allowing employees to work from home or other locations using digital tools and communication platforms. This trend has been accelerated by the need for social distancing during the pandemic and has led to a revaluation of traditional work arrangements.

Flexible scheduling: Hospitality businesses have started to adopt more flexible scheduling options to accommodate the diverse needs of their workforce. This includes offering part-time, shift-based, or gig work arrangements to provide employees with greater control over their work hours.

Hybrid work models: As mentioned earlier, hybrid work models combining on-site, and remote work have become increasingly popular in the hospitality industry. This approach allows employees to balance the benefits of in-person collaboration with the flexibility of remote work for certain tasks.

Gig economy platforms: The gig economy has also made its mark on the hospitality industry, with platforms connecting freelance workers with short-term job opportunities in areas such as event staffing, food delivery, and housekeeping services. This trend has provided both businesses and workers with greater flexibility and scalability.

Upskilling and reskilling: With the rapid pace of technological change in the hospitality industry, there has been a growing emphasis on upskilling and reskilling employees to adapt to new work modes and emerging job roles. Training programs and professional development opportunities have become essential for employees to stay competitive in the evolving industry landscape.

The emergence of these different work modes in the hospitality industry over the past five years reflects a broader shift towards more flexible, technology-driven, and employee-centric approaches to work. As the industry continues to evolve, it will be crucial for businesses to adapt to these changing work modes to attract, keep and retain top talent, and remain competitive in the market.

The hospitality industry has been experiencing several trends in recent years, including those related to retention rates and turnover rates. Retention rates refer to the ability of hospitality businesses to retain their employees over a certain period,

while turnover rates indicate the frequency at which employees leave their positions within the industry. (See Ref.6)

One trend in the hospitality industry is the focus on employee engagement and satisfaction to improve retention rates. Businesses are increasingly investing in training programs, career development opportunities, and employee recognition initiatives to foster a positive work environment and reduce turnover. By prioritizing employee well-being and professional growth, hospitality businesses aim to retain talented staff members and build a loyal workforce.

Another trend impacting retention and turnover rates in the hospitality industry is the implementation of flexible work arrangements and benefits. With changing employee preferences for work-life balance and remote work options, businesses are adapting their policies to accommodate these needs. Offering flexible schedules, remote work opportunities, and competitive benefits packages can help attract and retain top talent in the hospitality sector.

Additionally, advancements in technology have influenced retention and turnover rates in the hospitality industry. Businesses are leveraging digital tools for recruitment, training, and performance management to streamline processes and enhance employee satisfaction. By embracing technology-driven solutions, hospitality businesses can improve operational efficiency and create a more engaging work environment for their employees.

On-site Work:

Before the pandemic, on-site work was the norm for IHG employees. While it remains relevant, the socio-economic forces associated with this work mode cannot be underscored.

Employees working on-site face challenges such as job stress, long working hours, and potential burnout. From a socio-economic perspective, it is crucial for IHG to address these factors to ensure employees' well-being and optimal performance. Implementing measures such as work-life balance initiatives, wellness programs,

and stress management strategies can positively impact employees' performance in on-site work modes.

Monitoring and managing performance in on-site work modes can be facilitated through regular performance evaluations, feedback sessions, and recognition programs. These initiatives should consider social factors such as team collaboration and the development of a positive work environment.

The impacts of socio-economic forces on employees' performance management and monitoring in different work modes are significant in the context of IHG Hotel Group from a Hospitality HR perspective. By considering social factors like culture, diversity, and teamwork, and economic factors such as compensation and job security, IHG can enhance performance management strategies.

In the evolving world of work, with remote work becoming more prevalent, IHG should adapt its performance management and monitoring systems to the unique challenges and opportunities of remote work. This includes addressing the potential negative impacts of social factors and leveraging technology for remote performance evaluation. Additionally, on-site work modes should prioritize employees' well-being, with initiatives focusing on stress management and work-life balance.

By effectively analysing and addressing the impacts of socio-economic forces, IHG Hotel Group can design robust performance management and monitoring systems that foster employee motivation, satisfaction, and overall productivity.

The performance management and monitoring of employees play a vital role in the success of hospitality organizations such as IHG Hotel Group and his competitor Hilton Group.

Socio-Economic Forces and Performance Management:

Socio-economic forces refer to external factors, such as culture, diversity, compensation, and benefits, that influence individual behaviour, decisions, and overall performance in the workplace. These forces have a significant impact on employees' performance management and monitoring strategies in both IHG Hotel Group and Hilton Group.

Social Factors:

Social factors, including cultural diversity and teamwork, have a profound influence on employees' performance management. In the global hospitality industry, both IHG

and Hilton operate in diverse cultural contexts, requiring them to develop performance management approaches that align with various expectations and values.

Both organizations should foster a culture that values and embraces diversity. This can be achieved by developing sensitive and inclusive performance management processes that consider cultural differences and promote equal opportunities for all employees. Additionally, fostering teamwork and collaboration is vital in the hospitality industry, as it positively impacts employees' performance. IHG and Hilton should focus on creating an environment that encourages teamwork, open communication, and a sense of belonging among employees.

Economic Factors:

Economic factors, such as compensation, benefits, job security, and career growth opportunities, significantly impact employees' motivation and performance. These factors play a vital role in attracting and retaining talented individuals within IHG Hotel Group and Hilton Group.

Both organizations need to offer competitive compensation packages, including attractive salaries, bonuses, and benefits, to motivate employees and boost their performance. Job security and career growth opportunities also contribute to employee satisfaction and performance. IHG and Hilton should invest in training and development programs, provide clear career paths, and offer opportunities for advancement within the organization.

Impact of Work Modes on Performance Management and Monitoring

Given the changing dynamics in work modes, such as remote work and on-site work, IHG and Hilton need to adapt their performance management and monitoring strategies accordingly.

On-Site Work

While remote work gains popularity, on-site work remains prevalent in the hospitality industry. IHG and Hilton must consider the socio-economic forces involved in on-site work modes, as they significantly impact performance management and monitoring. Employees working on-site face challenges such as job stress, long working hours, and potential burnout. Thus, it is crucial for both organizations to address these factors and ensure employee well-being and performance.

In on-site work modes, IHG and Hilton should prioritize effective performance management and monitoring through regular performance evaluations, feedback

sessions, and recognition programs. Creating a positive work environment, providing work-life balance initiatives, and fostering teamwork and collaboration are essential to motivate employees and enhance overall performance.

Comparison between IHG Hotel Group and Hilton Group

While IHG Hotel Group and Hilton Group both operate in the hospitality industry and face similar challenges, their approaches to performance management and monitoring within the context of socio-economic forces may differ.

Social Factors

Both organizations acknowledge the importance of cultural diversity and teamwork in performance management. However, differences may exist in their strategies and policies due to variations in organizational culture and geographic presence.

IHG and Hilton should develop performance management practices that embrace cultural diversity and promote inclusion. By tailoring their approaches to diverse cultural contexts, both organizations can create an environment that values and respects diverse perspectives and experiences.

Economic Factors

IHG and Hilton understand the significance of economic factors in enhancing employee performance. However, their strategies and policies may differ due to market dynamics and organizational structures.

Both organizations need to offer competitive compensation packages and career growth opportunities to attract and retain talented employees. Differences may arise in the specifics of these initiatives based on organizational budgets, recruitment practices, and market positioning.

Work Modes

Given the increasing prevalence of remote work, IHG and Hilton must adapt their performance management and monitoring strategies to accommodate this work mode. While their core objectives remain similar, differences may occur based on organizational culture and technological capabilities.

IHG and Hilton should leverage technology for remote performance management and monitoring, such as using performance tracking software, virtual communication tools, and online feedback systems. However, the specific tools and approaches

may differ based on the organizations' technological infrastructure and investment in remote work capabilities.

We're passionate about inspiring the next generation of hospitality professionals. Our IHG Skills Builder programme is a new virtual learning platform, created to help anyone around the world gain valuable employment and life skills online as well as through work experience, internships and apprenticeships. (IGH Website 2024.) See ref 12.

One key suggestion for hospitality businesses in the past 5 years is to prioritize digital transformation and technology adoption. Embracing digital tools and platforms can enhance operational efficiency, improve guest experiences, and streamline the recruitment process. Investing in technologies such as online booking systems, contactless check-in/out procedures, and data analytics can help businesses stay competitive in a rapidly evolving industry.

Recommendation:

A recommendation for a Hospitality establishment such as IHG and Hilton Group is to focus on sustainability and eco-friendly practices. Consumers are increasingly conscious of environmental issues, and incorporating sustainable initiatives can attract environmentally conscious guests and reduce operational costs eventually. Implementing energy-efficient practices, reducing waste, and sourcing locally can not only help the environment but also enhance the brand image of the business.

A comprehensive solution would involve a multi-faceted approach. This could include:

Embracing digital transformation: Implementing technology solutions to streamline operations, enhance guest experiences, and improve efficiency.

Prioritizing sustainability: Adopting eco-friendly practices to reduce environmental impact and appeal to environmentally conscious consumers.

Investing in employee training and development: Providing ongoing training and

upskilling opportunities for staff to adapt to changing industry trends and customer expectations.

Enhancing customer engagement: Using data analytics and customer feedback to personalize services, improve guest satisfaction, and build brand loyalty.

Conclusions:

In conclusion, socio-economic forces significantly impact employees' performance management and monitoring strategies in organizations like IHG Hotel Group and Hilton Group. By considering social factors like cultural diversity and teamwork and addressing economic factors such as compensation and career opportunities, both organizations can enhance their performance management practices.

The changing dynamics of work modes, including remote and on-site work, require IHG and Hilton and the rest of their competitors to adapt their performance management and monitoring strategies accordingly. Remote work necessitates effective communication channels, clear performance expectations, and virtual engagement opportunities. On-site work requires a positive work environment, work-life balance initiatives, and attention to teamwork and collaboration.

While similarities exist between IHG Hotel Group and Hilton Group in acknowledging the impact of socio-economic forces on performance management and monitoring, differences may arise due to organizational culture, geographic presence, and market dynamics. Regardless, both organizations must continuously assess and

adapt their strategies to ensure employees' motivation, satisfaction, and performance in diverse work modes.

REFERENCES

1. Alharthi, M., Alamoudi, H., Shaikh, A. A., & Bhutto, M. H. (2021). "Your ride has arrived" – Exploring the nexus between subjective well-being, socio-cultural beliefs, COVID-19, and the sharing economy. *Telematics and Informatics*, 63, 101663-. Available at: <https://doi.org/10.1016/j.tele.2021.101663> Accessed on 12/02/2024.
2. Atadil, H. A., Erdem, M., Green, A. J., & Crinson, D. (2021). Digital natives in the hospitality workforce: an exploratory study on mobile dependency. *Journal of Hospitality Marketing & Management*, 30(7), 785–798. Available at: <https://doi.org/10.1080/19368623.2021.1897054> Accessed on 13/02/2024.
3. De Lucia, C., Pazienza, P., Balena, P., & Caporale, D. (2020). Exploring local knowledge and socio-economic factors for touristic attractiveness and sustainability. *The International Journal of Tourism Research*, 22(1), 81–99. Available at: <https://doi.org/10.1002/jtr.2320> Accessed on 12/02/2024.

4. Dudek, A., Jaremen, D. E., & Michalska-Dudek, I. (2020). Socio-economic factors determining the ROPO trend in the travel industry. *Tourism Economics: The Business and Finance of Tourism and Recreation*, 26(6), 873–907. Available at: <https://doi.org/10.1177/1354816619848200> accessed on 21/02/2024.
5. Farrugia, D., Coffey, J., Threadgold, S., Adkins, L., Gill, R., Sharp, M., & Cook, J. (2023). Hospitality work and the sociality of affective labour. *The Sociological Review (Keele)*, 71(1), 47–64. Available at: <https://doi.org/10.1177/00380261221121233> Accessed on 13/02/2024.
6. Gursoy, D., & Celik, S. (Eds.). (2022). *Routledge handbook of social psychology of tourism*. Routledge, Taylor & Francis Group.
7. Grobelna, A., & Ewa. (2021). Understanding Employment Aspirations of Future Tourism and Hospitality Workforce: The Critical Role of Cultural Participation and Study Engagement. *European Research Studies*, XXIV(Special Issue 1), 1312–1332. Available at [:https://doi.org/10.35808/ersj/2106](https://doi.org/10.35808/ersj/2106) Accessed on 13/02/2024.
8. Hilton Pestle Analysis Available at: <https://thestrategystory.com/blog/hilton-hotels-pestel-analysis/> Accessed on 21/02/2024.
9. Hilton Website *HR & TRAINING* Available at: <https://managementservices.hilton.com/en/support-services/hr-training/> Accessed on 26/02/2024.
10. Ho, R. C. (2021). Impact of globalization and advanced technologies on online business models (R. C. Ho, A. Ng, & M. Nourallah, Eds.). IGI Global. Available at: <https://doi.org/10.4018/978-1-7998-7603-8> Accessed on 12/02/2024.
11. IHG Website *Our People* Available at: <https://www.ihgplc.com/en/responsible-business/people> Accessed on 12/02/2024.
12. IHG Website *ACADEMY Skills Builder* Available at: <https://careers.ihg.com/en/academy/skills-builder/> Accessed on 16/02/2024.
13. IHG website (2024). *on a journey towards a better future*. Available at: <https://development.ihg.com/sites/ihgplc/files/IHG/A%20sustainable%20business/I-H-G-R-B-R-Interactive-280222.pdf> Accessed on 29/02/2024.

14. IHG Website (2024) *True Hospitality for Good* Available at: https://www.ihgplc.com/~/_media/Files//Ihg-Plc/investors/annual-report/ihg-responsible-business-report-2022.pdf Accessed on 22/02/2024.
15. Johnson, A.-G. (2020). We are not yet done exploring the hospitality workforce. *International Journal of Hospitality Management*, 86, 102402-. Available at: <https://doi.org/10.1016/j.ijhm.2019.102402> Accessed on 10/02/2024.
16. LEISURE. *Investors Chronicle*, 39-.
17. Management Association, I. R. (2020). *Disruptive technology: concepts, methodologies, tools, and applications*. Business Science Reference. Available at: <https://doi.org/10.4018/978-1-5225-9273-0> Accessed on 15/02/2024.
18. MT. (2022). *InterContinental Hotels Group IHG* 5,031p TRAVEL & Pardo, C., & Ladeiras, A. (2020). Covid-19 “tourism in flight mode”: a lost opportunity to rethink tourism – towards a more sustainable and inclusive society. *Worldwide Hospitality and Tourism Themes*, 12(6), 671–678. Available at: <https://doi.org/10.1108/WHATT-07-2020-0064> Accessed on 21/02/2024.
19. Pardo, C., & Ladeiras, A. (2020). Covid-19 “tourism in flight mode”: a lost opportunity to rethink tourism – towards a more sustainable and inclusive society. *Worldwide Hospitality and Tourism Themes*, 12(6), 671–678. Available at: <https://doi.org/10.1108/WHATT-07-2020-0064> Accessed on 12/02/2024.
20. Rodríguez, C., Jacob, M., & Florido, C. (2020). Socioeconomic Profile of Tourists with a Greater Circular Attitude and Behaviour in Hotels of a Sun and Beach Destination. *International Journal of Environmental Research and Public Health*, 17(24), 9392-. Available at: <https://doi.org/10.3390/ijerph17249392> Accessed on 23/02/2024.
21. Pestle Analysis of IHG Hotels Group Available at: <https://dcf.fm/blogs/blog/ihg-pestel-analysis> Accessed on 26/02/2024.
22. Research anthology on changing dynamics of diversity and safety in the workforce. (2021). Business Science Reference. Available at: <https://doi.org/10.4018/978-1-6684-2405-6> Accessed on 15/02/2024.
23. Rastrollo-Horrillo, M.-A., & Rivero Díaz, M. (2019). Destination social capital and innovation in SMEs tourism firms: an empirical analysis in an adverse socio-economic context. *Journal of Sustainable Tourism*, 27(10), 1572–1590.

Available at: <https://doi.org/10.1080/09669582.2019.1648481> Accessed on 12/02/2024.

24. Shaikh, E., & Tunio, M. N. (2022). Sustainable development of human resources in a globalization period. Business Science Reference.