

Management and Organisational Behaviour (BMIH5004)

Report of Hilton Hotel Group

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EXECUTIVE SUMMARY

The Hilton Hotel Group, founded by Conrad Hilton in 1919, is a prominent leader in the global hospitality industry. Boasting over 18 brands and more than 6,500 properties in 119 countries, Hilton is renowned for delivering exceptional guest experiences. This report critically evaluates Hilton's organisational structure, culture, goals, recent change initiatives, and strategic direction at both corporate and unit levels. Hilton's strategic direction is anchored in its vision to be the global leader in hospitality, driven by continuous growth, technological innovation, and a robust commitment to sustainability. The company's multidivisional structure and inclusive culture enable it to respond effectively to diverse market needs, ensuring high employee engagement and customer satisfaction. Key initiatives in digital transformation and sustainability have significantly enhanced Hilton's operational efficiency and market reputation. By expanding its global footprint, leveraging advanced technologies, and deepening sustainability efforts, Hilton is well-positioned to maintain its leadership in the competitive hospitality industry. Comparisons with key competitors, such as Marriott and IHG, highlight Hilton's distinctive strengths, including its agile market response and integrated sustainability efforts. The report concludes with recommendations to further enhance Hilton's strategic initiatives, focusing on digital engagement, sustainability advancements, and employee development programs, ensuring sustained success and competitive advantage.

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Introduction

The Hilton Hotel Group was founded in 1919 by Conrad Hilton and is one of the companies leading the hospitality industry. The mark of this brand is felt everywhere, with a variety from over 18 brands to more than 6,500 properties located in 119 countries, having a presence all over the world under the umbrella of Hilton, which is associated with the qualities of excellence (Zeng, 2021). In this report, a critical assessment will be carried out of the company, looking at the company from both the corporate and unit levels, structure, culture, and goals to recent changes and strategic direction. Besides, a critical comparison of the analysis of the company will be the basis of the theories employed and the the competitors in the given market.

Organisation structure, culture, and goals

Organisational Structure

The Hilton Hotel Group is under the multidivisional structure category based on brands and regions. This can allow positive differentiation/localisation of management and a tailor-made approach to different markets and customer segments. However, the multidivisional structure means the decentralisation of decision-making and allows its regional managers to make decisions that best appeal to its markets (Reidhead, 2020). This freedom is crucial in the hospitality industry, where responsiveness to local market conditions is critical to success. Given its size, Hilton boasts a hierarchical organisational structure. 2015, the firm catered to 140 million guests and operated 13 brands. In addition, Hilton has a divisional organisational structure, comprising the following business divisions: Hilton Worldwide owns or leases 146 hotels totalling 59,463 rooms that make up the owning division. There are 4,419 hotels in the management and franchising segment, with 691,887 rooms. The timeshare sector has 45 properties and 7,152 units (Dudovskiy, 2016).



Figure 1: Organisational chart of Hilton Hotels

Source: (Wing, 2020).

Chandler's theory of the multidivisional structure emphasises the importance of decentralisation for diversification and large firms like Hilton. A huge competitor for Hilton is Marriott International, which, too, has a multidivisional structure (Niemela, 2019). The industry prefers this organisational form, so Hilton's regional emphasis is its strongest advantage. It is generally known for rapid adaptation to local needs.

Organisational Culture

Hilton's organisational culture has been its mission since its foundation "to be the most hospitable company in the world." This organisational culture is expressed in their core values: "Hospitality, Integrity, Leadership, Teamwork, Ownership, and Now (collectively termed as HILTON)." At the same time, the company has embraced an inclusive, respectful, and consistently improving culture, with evidence from initiatives such as the Hilton Effect Foundation and the Thrive@Hilton

program. These aim to care for the team members' well-being, career development, and community engagement (Hilton, 2023).

Drawing from *Schein's model of organisational culture*, the artefacts, the espoused values, and underlying assumptions can be used. For Hilton, the artefacts include the most visible aspects, such as employee training programs and community projects, while espoused values include the HILTON core values (Lamo, 2019). One believes in the power of hospitality and service excellence in the underlying assumptions. Hilton's approach to holistic employee well-being and community involvement is unique Compared to other leading competitors such as Hyatt Hotels, which, too, has a strong service-oriented organisational culture.

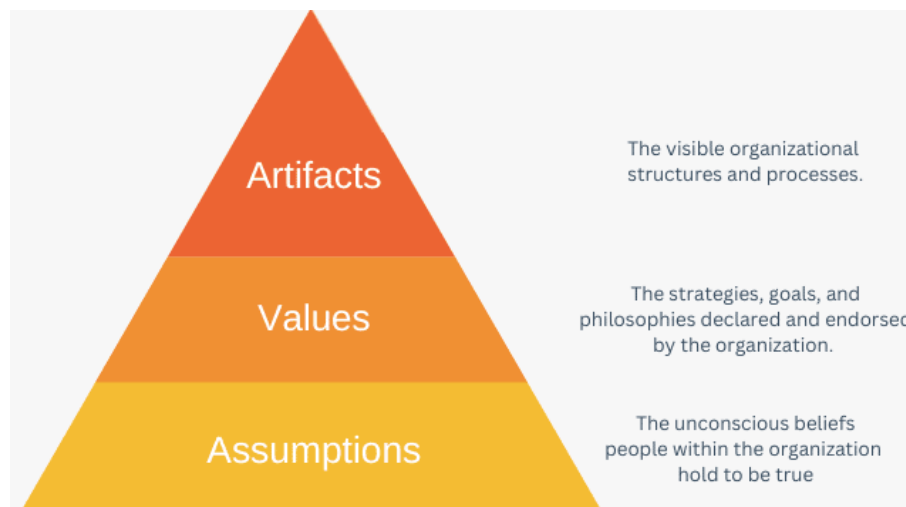


Figure 2: Edgar Schein's Culture Model

Source: (Coghlan, 2021).

Organisational Goals

Hilton's strategic goals are expanding its global footprint, optimising customer experience through innovation, and maintaining the most vital commitment to sustainability. The company's Travel with Purpose program has the most ambitious sustainability goals, such as cutting its

environmental footprint by half and doubling social investment by 2030. Hilton also plans to leverage technology to enhance guest experiences (Czyzewska, 2016). For example, its Connected Room initiative is such that the guest's mobile interface does all room controls. Hilton has committed to halving its environmental footprint and increasing its social impact investment.



Figure 3: Organisational goals of Hilton

Source: (Hospitality, 2023).

The *goal-setting theory* is a model of Locke and Latham that suggests that setting specific and challenging goals would improve organizational performance. Hilton's goals are, therefore, specific and demanding. Unlike other goal-setting competitors such as InterContinental Hotels Group, which has fallback strategic goals of sustainability and technological innovation, some of

which are too vague and unrelated to the business, Hilton demonstrates clear, quantifiable targets and integrates sustainability into its core strategy (Sah and Nadda, 2017).

Recent change initiatives and their impact

Digital Transformation

One of Hilton's most recent changes is its digital transformation strategy. Hilton has spent heavily on technology that would improve its operational efficiency and customer experience. For example, the company launched the Connected Room, which, among other things, made it possible for customers to control room features from a smartphone app (Abdel-Hamid et al., 2022). The company has also streamlined its digital check-in and room selection process. This has minimised the need for as much physical contact, increasing convenience for its guests.

Hilton's digital transformation had the most profound impact on operational efficiency and improved customer satisfaction. It improved guest experience with heightened satisfaction and loyalty program memberships. The change was managed through training staff and phased implementation, which ultimately reduced any disruptions brought about by the implementation. A comparison of this is The Marriott has also undertaken similar digital transformation initiatives by introducing, among others, things such as mobile key entry and in-room, customised experiences. Still, Hilton has developed a seamless, integrated approach (Carlisle et al., 2023). He has concentrated on how technology can enhance sustainability, e.g., energy management systems now included in their Connected Rooms.

Sustainability Initiatives

Hilton's Travel with Purpose is one of the company's most critical change initiatives recently embarked on. The program aims at integrating sustainability at the heart of the company's

operations. The targets of the program are to reduce carbon emissions and water consumption. They are part of the broader strategy that wants to place Hilton as a leader in sustainable hospitality. All the initiatives under this program, such as sourcing 100% renewable electricity and reducing food waste on all its properties, have an impact and were managed by setting clear, measurable goals, stakeholder engagement, and best practices across the portfolio (Hilton, 2023). This is observed in the program's success, evident in the better sustainability rankings and awards that Hilton receives.

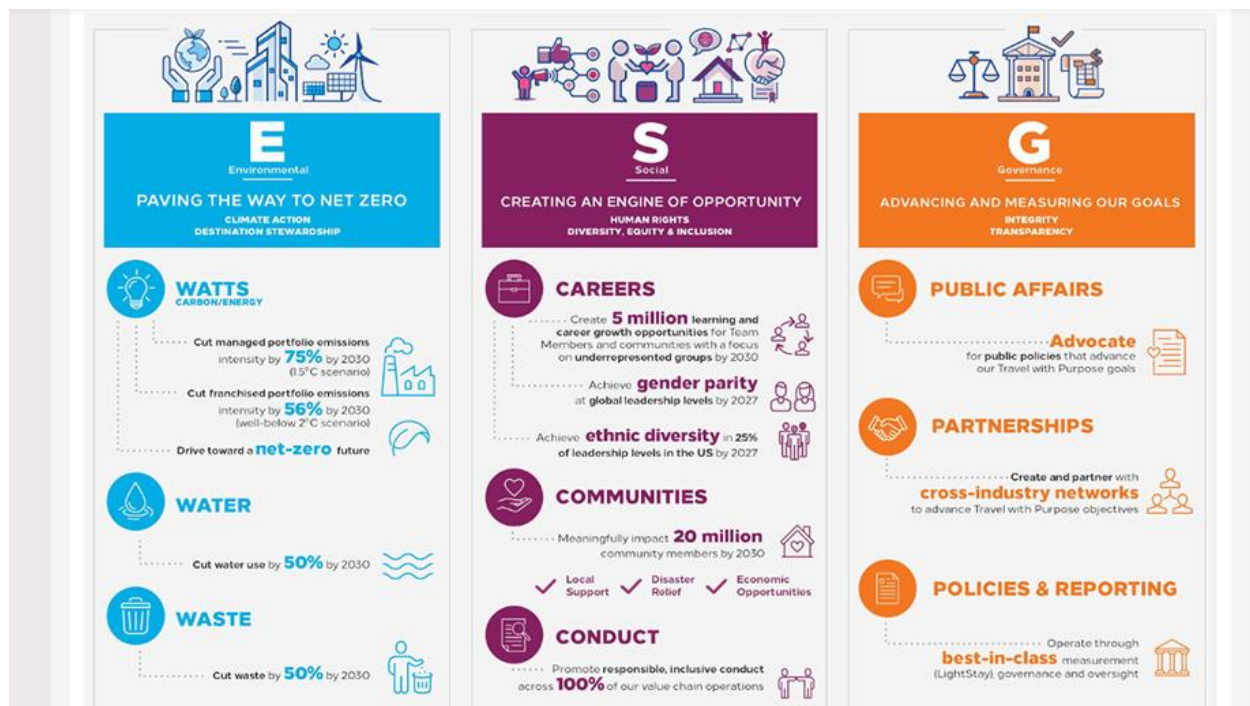


Figure 4: Sustainability at Hilton

Source: (Otley, 2022).

IHG has also focused on the same area of sustainability through its Green Engage program, which focuses on further points of energy savings and waste reduction. However, Hilton's approach to setting more targets, fostering clarity in reporting, and engaging its stakeholders shows a greater comprehensive impact. The Hilton Hotel Group has a divisional organisational structure supported

by its strong culture and clearly defined corporate goals. Such a design facilitates local responsiveness due to the multidivisional structure, while a robust, supportive culture helps to drive employee and customer satisfaction (Bruns-Smith et al., 2015). Change programs to date, especially in digital transformation and sustainability, have further strengthened Hilton's competitive position and commitment to innovation and environmental responsibility. The comparisons with other industry competitors reveal that Hilton possesses unique strengths, yet there is still room for improvement that will guarantee enduring success. Therefore, these efforts should be made at:

1. Digital Engagement: Hilton can continue to engage its customers further by harnessing technology to offer personalised experiences. More AI-driven personalisation features, Connected Room, for example, can be expanded to offer more unique experiences to the guests (Jurigova et al., 2016).
2. Improving Efforts to Stay Green: While Hilton has done well in sustainability matters, it still needs to explore more innovative initiatives, such as advanced waste-to-energy systems and community partnerships, to intensify its efforts.
3. Employee Development: Hilton can invest heavily in advanced employee training and development. This can include digital literacy, sustainability best practices, and leadership programs to ensure the employees are fit to face the challenges of tomorrow (Foster et al., 2019).

All of these recommendations can build upon the Hilton Hotel Group's present strengths to further consolidate its position as the industry leader in a competitive industry.

The organisation's strategic direction

Growth Strategies

Hilton's growth strategies are both driven by organic expansion and strategic acquisitions. The firm is expanding its global reach by establishing more properties in rapidly growing markets besides boosting its brand portfolio. The company has focused its shareholder funds on considerable expansions in the Asia-Pacific region in the last five years by introducing fresh brands meant to target different customer segments, like Tru by Hilton, a midscale brand (Fox, 2016).

Ansoff's Growth Matrix: Hilton's strategies can be analysed using Ansoff's Growth Matrix. Hilton employs market development by tapping into new geographical markets and product development through brand development. Competitors such as Marriott also adopt similar strategies, but Hilton's faster response to changing market trends and consumer demands gives it a competitive advantage (Sah and Nadda, 2017). For instance, Hilton brand's midscale and affordable luxury focus taps a broader customer base compared to Marriott, which has traditionally targeted the high-end market.



Figure 5: Ansoff growth Matrix

Source: (Cascade, 2020).

Technological Improvements

Hilton has made extensive use of technology to drive its strategic future. The company invests in digital innovation to enhance customer experiences and streamline operations to give it a competitive advantage. Some innovations to drive business at Hilton include Connected Room technology, which provides a state-of-the-art room experience, digital check-in and keyless entry, and the Hilton Honors app that synchronises many services to give guests a flawless room experience (Suslenko et al., 2022).

The technological improvements have resulted in increased efficiencies and higher guest satisfaction. Hilton's investment: Hilton's investment includes research and development, partnering with several technology companies, and continually enhancing the digital services it offers. Of course, managing such digital innovations requires effective employee training and robust security measures to protect the data about the guests.

Marriott, a close competitor to Hilton, also invests heavily in digital technologies. But Hilton stands a step ahead as it embeds sustainability into its technological innovations. For example, its Connected Room technology not only provides guest comfort but also supports energy management, helping it reduce its carbon footprint (Jurigova et al., 2016).

Sustainability

Hilton extensively focuses on ensuring sustainability. The company's strategic vision revolves around Sustainability. Its Travel with Purpose program ensures that the company has set aggressive targets to reduce its environmental footprint and enhance its social impact (Roblek et al., 2016). The programs are precisely reducing carbon emissions, water consumption, and waste, with a social investment in local communities. Porter and Kramer's theory of CSV is applied here. The Company designed its sustainability initiatives to create economic value by effectively handling major social and environmental issues. IHG is another competitor that works on such sustainability issues (Ertuna et al., 2019). But with clear and measurable targets and a transparent reporting system, Hilton is considered to have a more robust commitment to the sustainability of such initiatives.

Strategic Alliances and Partnerships

Hilton forms strategic alliances and partnerships to enhance its market position and attain high market shares through expanded offerings. These partnerships and alliances with technology firms, travel agencies, and sustainability organisations help Hilton innovate while reaching new customer segments. For instance, partnerships with companies like Tesla to provide electric vehicle charging spots at hotels and alliances with the local tourism boards to promote sustainable tourism (Mishurova et al., 2020).

These partnerships helped Hilton grow its market reach and brand name. Strategic management entails judicious selection of partners in line with Hilton's values and goals, ensuring mutual benefits and success in the long term. Regarding Hyatt, which also grows its business through the strategy of partnerships, in nature, they are more diversified, technology, sustainability, and travel, a fully rounded approach to ramping up guest experience and operational efficiency (Lamo, 2019).

Global Expansion and Market Penetration

While expanding globally, Hilton also ensures penetration into the newly evolving marketplaces and enhanced brand presence in the changing markets. The company strategically opens and expands new properties in the high-demand areas and augments the brand's affinity level by marketing and reward programs (Reidhead, 2020). It is also possible to interpret Hilton's global expansion regarding Dunning's Eclectic Paradigm: the ownership, location, and internalisation advantages.

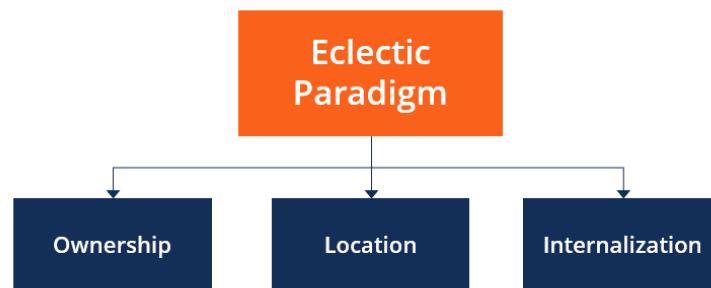


Figure 6: Dunning's eclectic paradigm

Source: (Cantwell, 2015).

The most significant explanation refers to ownership and location advantages since Hilton is a highly established brand in the market, and global expansion is primarily conducted in strategic market localities where the potential market is emerging. Moreover, Hilton has an internalisation advantage since it controls operations by owning its buildings and land. Competitive rivals like

Accor also make aggressive global expansions. However, Hilton is far ahead since it possesses potent brand equity and maintains a diversified brand portfolio.

Conclusion

To conclude, the vision driving the strategic direction of Hilton Hotel Group is to be the global leader in hospitality, known for the constant growth, technological innovation, and firm commitment to sustainability. The Hilton Hotel Group has a multidivisional structure that can respond differently to market needs and maintain high worker and customer engagement standards through the dominant inclusive culture. Recent changes in the digital and sustainability areas have further enhanced the operational efficiency and market reputation of Hilton. As a result, due to its global expansion, advanced technological applications and sustainability, Hilton has been able and will continue being the leader in this competitive industry. Comparisons with competitors underscore Hilton's distinctive strengths, while the recommendations are provided to further enhance its strategic initiatives and drive future success.

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