

Management and Organisational Behaviour (BMIH5004)

Assessment 2 – Report

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Executive summary

IHG is one of the most creditable organisations in the hospitality industry, which owns and operates hotels in over a hundred countries with a range of brands. IHG's strategic objectives include expanding, enhancing guests' satisfaction, reducing the company's negative impact on the environment, and promoting the usage of information technologies. Sustainability is another crucial area of focus for the company, according to IHG's business strategy. For instance, the company has set empty-cycle greenhouse gas emissions and the use of single-use plastics targets of achieving zero by 2030. These steps show IHG's responsible approach to the environment and address the needs of an increasing number of travellers who want to reduce their carbon footprint by choosing sustainable hotel facilities. Digitalization is another strategic focus and direction outlined in IHG's strategic map. Different theoretical models can also be used to ponder the strategic vision of IHG. Porter's generic strategies allow for understanding IHG's adherent differentiation strategy, offering superior guest experiences and a wide range of brands. The distinction between RBV and VRIO is that RBV highlights how IHG uses valuable resources like the brand image, diversified services, and firm sustainability policy in the industry for competitive advantage. IHG should establish clear and engaging standards and training measures to achieve standard service quality for its brand. By deploying advanced technical analysis tools, it should dig deeper into customer preferences and market fluctuations. IHG has long been committed to corporate social responsibility and should continue to expand its initiatives in this area. IHG should establish an effective crisis management model to respond to economic fluctuations.

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Introduction

All organisations are comprised of different levels of organisational structures that govern the flow of information and interaction between work activities. Perhaps the effectiveness of such organisational structures depends on the organisation (Kaushik et al. 2012). The solid structure helps maintain the organisation's stability and the conditions around and in between. Similarly, the business culture of the workplace can also help promote the well-being and welfare of the establishment, if known. However, changing a variable or a role in an organisation also changes

organisational structure and culture. IHG is a leading global chain of hotels established in the UK that has significantly marked its presence on the international horizon. The hotel chain is a recognisable player with a presence in more than a hundred countries. Among the rival companies of Marriott International, Hilton Worldwide, and AccorHotels, IHG's strategic position is one of the areas of research significance (Al Ameri et al. 2020).

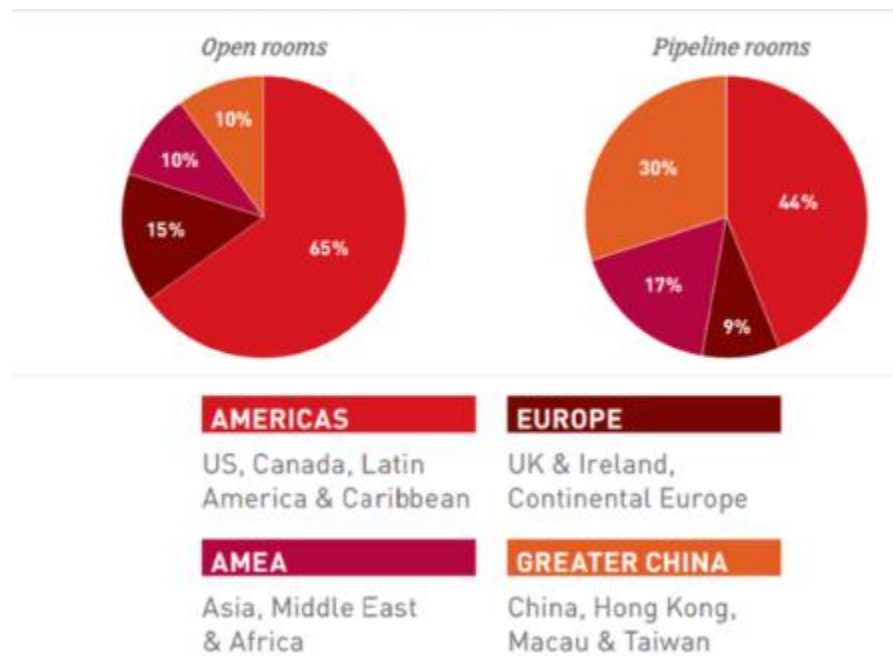


Figure 1: Geographic distribution of IHG

Source: (Intercontinental Hotel Group, 2016).

Organisation structure, culture, and goals

Organisational structure

The organisational structure of IHG is decentralised, and thus it can manage many aspects of its work according to the peculiarities of the local market while still remaining an organic part of the global chain. This is primarily true in hospitality management since it enables quick and appropriate decisions to be made and the guests' individual needs to be addressed (Bastias, 2022). However, it differs from the international boundary's characteristic of Marriott and Hilton, where the company's primary focus is to promote unity because it is part of a sizeable,

homogenous network. Though IHG's approach increases local versatility, it has an inherent prime weakness of high service variability across the facility, which Marriott and Hilton overcome through centralization.

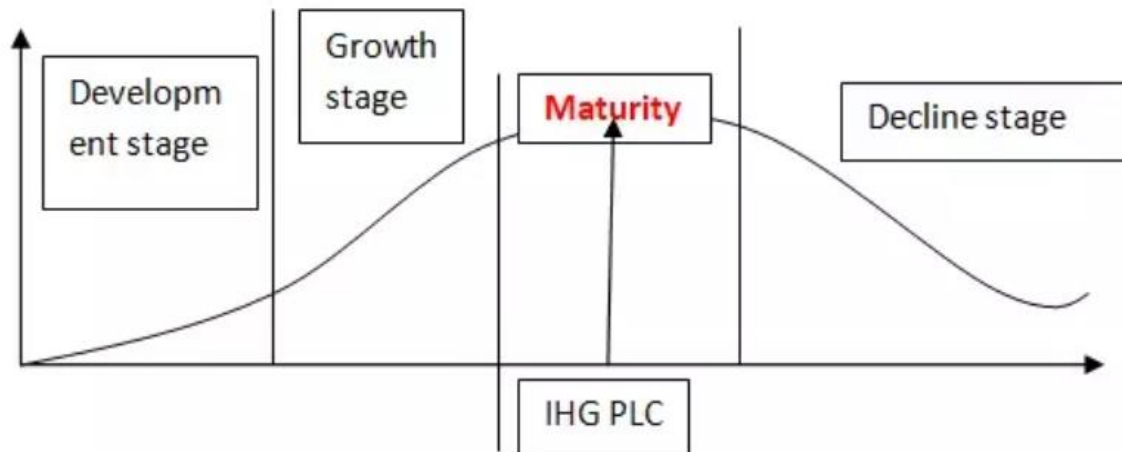


Figure 2: Industry life cycle of IHG

Source: (Bastias, 2022).

Cultural commitment

The organisational motto of IHG regarding the organisational culture includes the mission of people care, taking care of communities and the environment; it also involves employees' encouragement to take fresh initiatives and forwarding their ideas (Fleseriu et al. 2014). This culture differs from Hilton's overall innovation and excellent culture because of the constant effort to introduce new ideas in the company's technological aspect and the constant striving to provide the best services. Each approach has its pros and cons; however, diverse consumer orientation and IHG's focus on social justice issues are appreciated by socially oriented people.

Strategic goals and market positioning

There are four primary strategic objectives of IHG: increasing its room growth rate, improving guest satisfaction, and achieving sustainable development (Jones et al. 2014). This decision helps IHG meet the rising trend of guests interested in extraordinary and genuinely individualistic experiences within the settings and services of an upscale hotel category. This strategy puts them in direct competition with AccorHotels, which is likewise pursuing an active policy of increasing the number of luxury-class hotels. Furthermore, the strategic 'Journey to Tomorrow' stream of IHG testifies to its good taint of sustainable goals and powerful intentions to cut back on carbon emissions and waste. Even though both Marriotts have similar sustainable visions and mission statements, Marriott's awareness and disclosure of its sustainable achievements could be essential in communicating with consumers (Bastias, 2022).

IHG has taken a place in the hospitality industry, reflecting its wide range of products and its presence in various regions of the world. Nevertheless, the presence of strong contenders such as Marriott and Hilton in the external environment for successful survival and further growth does not leave an opportunity to relax and constantly requires further evolution and improvement of strategies. Despite having many advantages, IHG's structure, which can be described as decentralised, lacks effective protocols and ensures high service quality levels. In this way, the company can provide sustainability in all establishments, guaranteeing guest satisfaction in its hotels from around the globe (Stoimenov, 2023). Through this approach, IHG would reduce the differentiated service standards arising from the decentralised management of their hotels, thus decentralising to sustain its competitiveness and adding value to improve technology's application in delivering its service. Current competitors such as Hilton and Marriott have already incorporated mobile check-in solutions and room customisation innovations (Hospitality, 2022). By implementing these technologies, IHG has the potential to create an appealing customer experience, an aspect that more and more guests now expect to find in the hotels they book. Through benchmarking Marriott, which has provided a comprehensive report of its sustainability status, IHG can tap consumers sensitive to environmental conservation (Cascade, 2020). Even though IHG has been making significant efforts to pursue sustainability and improve sustainability reports, it has yet to gain a reputation, and customers are highly sensitive to sustainability issues.

Recent change initiatives, their impact, and management

Digital Transformation

Seeing industry changes and guests' needs, IHG has become more innovative in addressing technological advancements. This encompasses a refined reservation process, digital technologies used in contactless check-in, and other operations related to guests (Senevirathna, 2016). These innovations are geared towards reducing operational hitches and instead providing guests with relevant, standardised, or even customised services.

Impact and management

The customisation of these technologies has greatly enhanced the general booking and hotel experience of the IHG brand, making consumers with new-age technology-inclined demands happy. Also, operating costs and efficiency have improved, as the time spent focusing on other tedious issues is directed towards interaction with the guests (Bastias, 2022).

To accommodate this transition, IHG collaborated with technology gurus and made the necessary investments to ensure the company's employees were well-trained. Constant updating and offering constant support in case of problems faced with the new system ensured a streamlined implementation.

Sustainability Initiatives

IHG has visioned its "Journey to Tomorrow" as it has contemplated sustainability targets for 2030, including carbon emissions-cutting and the total ban on single-use items. This commitment can, however, be heightened by a growing trend within the industry that has been deemed to have a call for environmental sustainability (Chen, 2019).

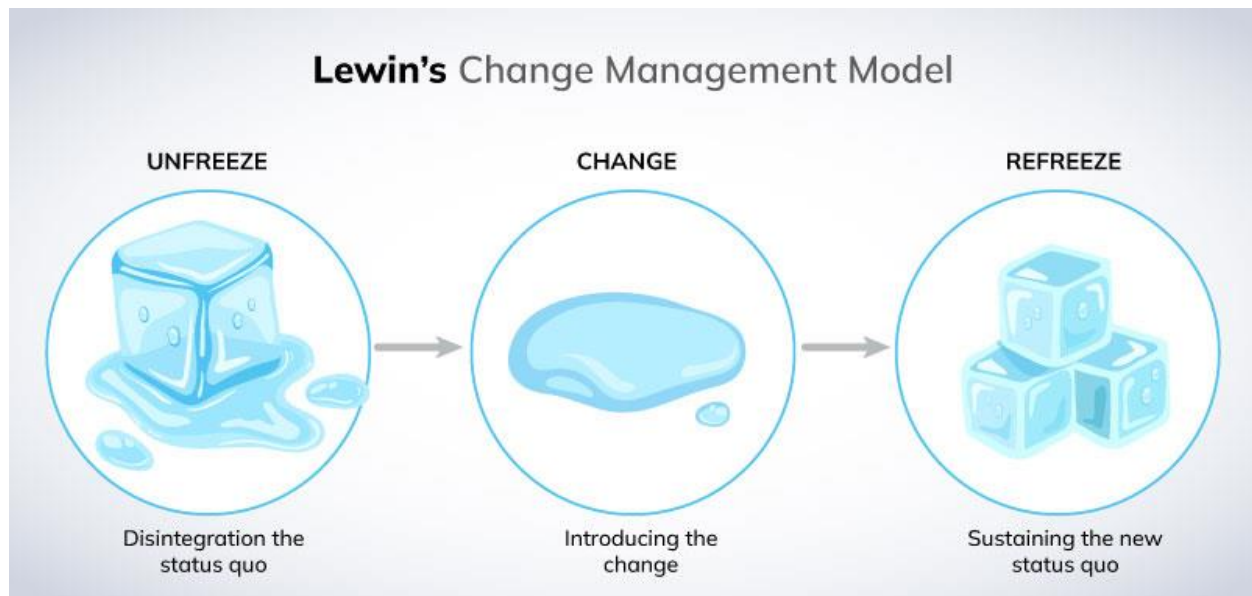
Impact and management

All these environmentally sustainable steps made IHG the industry powerhouse within the sphere of environmental management. In the context of the environmental and social responsibility movement, they are most relevant for environmentally aware tourists willing to consider the ecological impact of the establishments that might host them. IHG has supported these goals

through consistent message dissemination and commitment across the organisational hierarchy. The company has also organised sessions and other support resources to spread practices and make them aware of their responsibilities to accomplish these goals (Chang, Chern, 2021).

Lewin's change management model

Knowing the strategies employed by IHG in managing the change process and all the cultural and operational changes is possible using Kurt Lewin's model of change, which comprises three phases: unfreezing, changing, and refreezing.



Source: (Benhadda and Chibili, 2019).

Unfreezing

During the unfreezing stage, IHG wanted to bring about change by setting the sustainability goals and objectives it sought to achieve. This shift broke patterns and emphasised the need to apply a new, sustainable emphasis to the environment. The actions and decisions made by IHG forced the company to rethink its organisational culture and operations, paving the way for organisational and transformative change (Massoudi, Hamdi, 2019).

Changing

The various phases explored in the transformation process saw IHG adopt new sustainable measures. Measures including cutting down on carbon emissions and eradicating the use of non-reusable products are in this middle transitional bracket. This means these changes indicate positive transitions from old practices to new, more environmentally friendly practices as the organisation strives to follow the framework of its " Tomorrow" strategy (Zhang, 2020).

Refreezing

The last process, refreezing, occurs when these changes become deeply entrenched in the firm's organisational culture. IHG is implementing these sustainable actions within its company policies, offering extended staff training, and incorporating these policies within its extensive corporate strategies. This ensures that the new norms are set and firmly engrained in the organisation and how it operates in the future (Al Ameri et al. 2020).

The organisation's strategic direction.

IHG's focus is on stepping on the organisation and advancing growth, customer experience innovation, sustainable hospitality innovation, and digital technology.

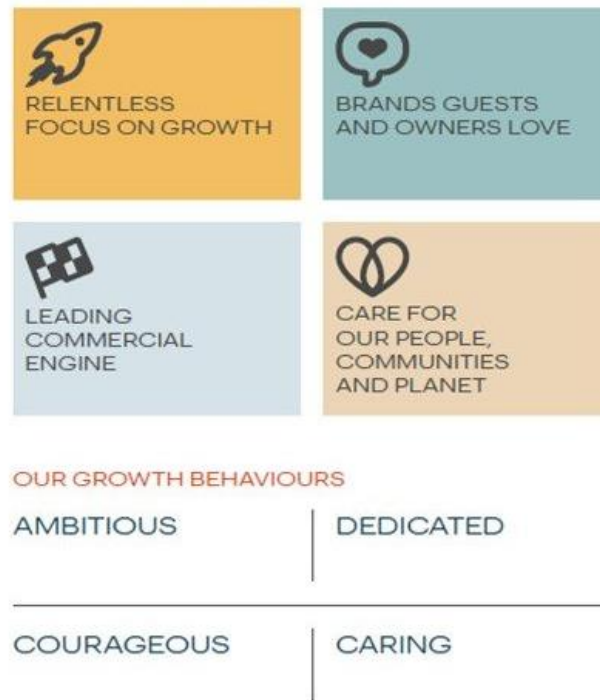


Figure 3: IHG's strategy

Source: (IHG, 2023).

Critical Elements of IHG's Strategic Direction

1. Expansion of Portfolio:

IHG is expanding its market share not only by extending the number of hotels but also by expanding the range of its services. By focusing on the boutique and luxury sectors, the group targets assets that have experienced higher demand (Voegeli, 2021).

2. Enhancing the Guest Experience:

IHG has a definite plan to succeed in making guests' stays and services as unique and convenient as possible through the inclusion of technological meetings. Services like mobile check-in, vivid rooms, and customized services are the key aspects of this campaign (Fleseriu et al. 2014).

3. Sustainability Initiatives:

Sustainability is one of the overarching goals of business development at IHG. The company has also adopted another important strategy of reducing carbon emissions, minimising waste, and addressing other environmental factors that minimise the sustainability of any business process the company is involved in.

4. Digital Transformation:

For this reason, IHG is striving to digitalize its operation to enhance customer digitalization and satisfaction (Cascade, 2020). This involves improving the online platform's intelligence, incorporating buyers' likely preferences, and selecting the most appropriate pricing models.

Theoretical Frameworks Relevant to IHG's Strategy

IHG mainly follows a differentiation strategy to differentiate itself through delivering remarkable guest experiences and diversifying the number of brands targeting different markets. Lambert and Cooper argue that *RBV (resource-based view)* holds that competitive advantage originates with the optimum utilisation of valuable resources. Global brand image, the variety of services provided, and the company's focus on sustainable development can be critical assets influencing IHG's competitive advantage (Richard, 2017). IHG's corporate social responsibility can indeed be discussed as an attempt to gain a competitive advantage by creating a 'blue ocean' strategy in the context of the luxury and upscale segments of the global hospitality market that recognise environmental responsibility as one of the most frequently recognised consumer demands.

Assessment of Strategic Direction

Strengths:

- In fact, IHG's varying brands, including luxury and mainstream, enable it to capture the market's larger audience.
- Emphasis on sustainability complies with the existing legislation of these countries and resorts to ethnic travellers (Bastias, 2022).
- Customer accommodation using technology benefits both the guest and the business through increased guest loyalty and improvements in operational effectiveness.

Weaknesses:

- As an advantage, the high dependency on the franchise model makes it easy for the business to expand throughout the world in a short time. However, this model's major drawback is that it makes it a bit difficult to maintain quality service delivery because the business's properties are independently run franchises (Chang and Chern, 2021).
- As an international giant, IHG's activities are exposed to cyclical trends in major countries, which influence the average room utilisation rates and thus compromise business productivity.

Recommendations

- In managing franchise operations around the world, IHG should set high standards and conduct additional training to ensure that all franchised properties maintain a favourable service standard.
- IHG could be a model for sustainability by adopting and developing green technologies and styles of building and designing hotels.
- Maintaining more robust and affordable crisis management plans will sustain relative stability and enable prompt responses to global or local system disturbances.

Conclusion

To conclude, IHG has set a sound strategic map cemented by a vast chain of hotels and an onward focus on sustainability, guest satisfaction, and the company's advancement through the adoption

of technology. The strategies discussed came at the right time, considering the prevailing trends in the global hospitality industry, to ensure the company gets to the top of the market as a leading innovator. While competitors' strategies also encompass similar approaches, IHG holds several key advantages to address them: differentiation through varied brand portfolios, a focus on bespoke experiences, digitalization, and sustainability. IHG faces some challenges and has the potential to mitigate these impacts by offering more significant service standards, more focused, established, safe, and comprehensive data analytics, advanced innovative sustainable policies and practices, and complete, efficient, and scalable crisis management plans. It is also evident that IHG has enjoyed a competitive advantage in the past and should continue to strive in the future by building on those strengths and rectifying weaknesses within its operation.

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