

BMIH5005

International Hotel Management

Personnel Resourcing and Development

Week 5 – Industry Analysis



**HOSPITALITY
AND
TOURISM
MANAGEMENT**



*Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales*



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Content

- Breakout session
- PESTLE Analysis
- SWOT Analysis
- Assignment 2

How much do you think the industry has changed since the beginning?

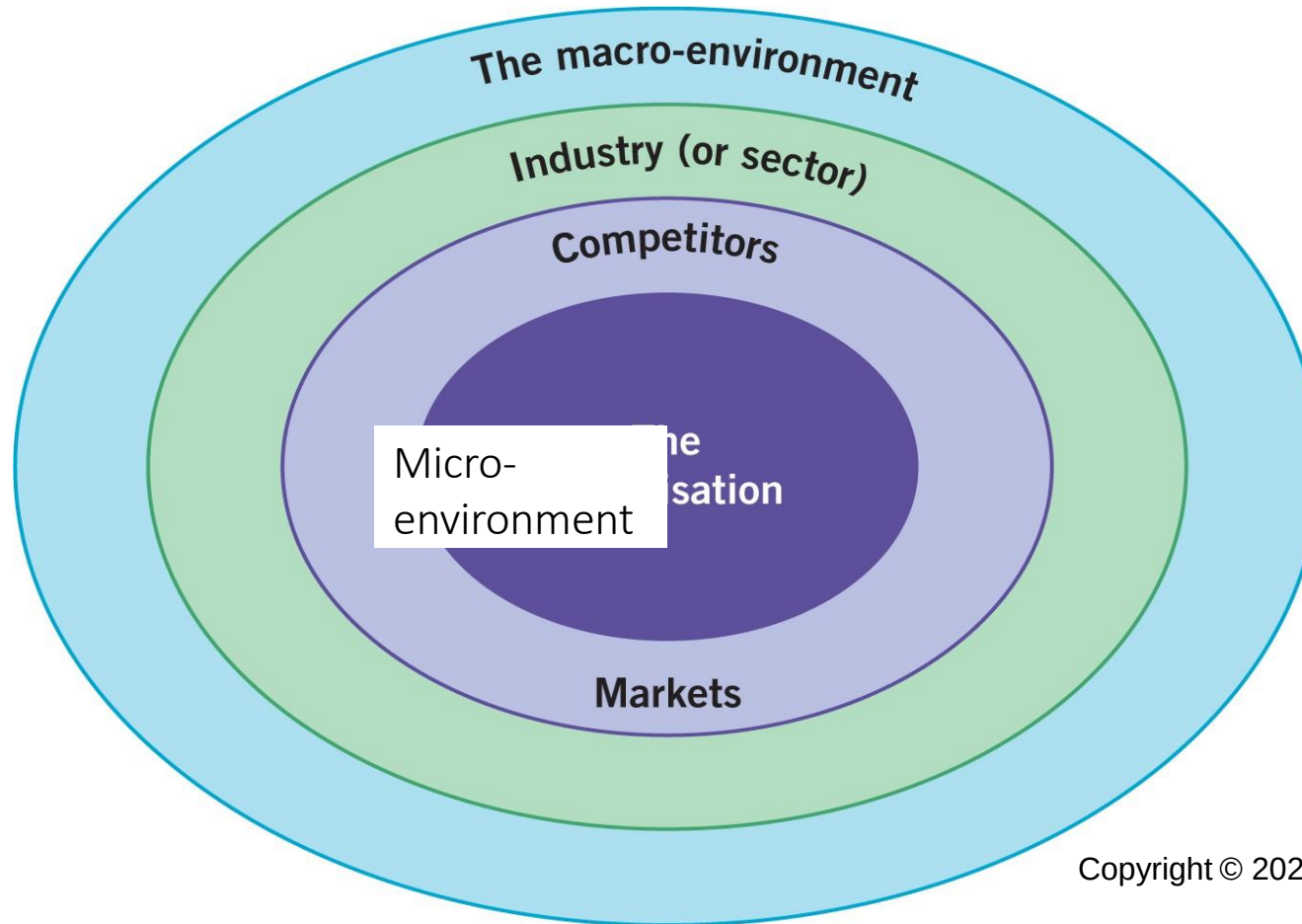




What are the drivers of Change?

- **Growth opportunities, especially new markets.**
- **Economic downturns and challenging trading conditions.**
- **Shifts in strategic objectives.**
- **Technological developments.**
- **Competitive pressures, including new entrants, mergers and acquisitions.**
- **Customer or supplier pressure, particularly shifting markets.**
- **Learning new organisation behaviours and skills.**
- **Government legislation/initiatives**

Layers of the business environment



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The PESTEL framework

The PESTEL framework categorises environmental factors into six key types:

P	E	S	T	E	L
- Government policy - Political stability - Corruption - Foreign trade policy - Tax policy - Labour law - Trade restrictions	- Economic growth - Exchange rates - Interest rates - Inflation rates - Disposable income - Unemployment rates	- Population growth rate - Age distribution - Career attitudes - Safety - Health consciousness - Lifestyle attitudes - Cultural barriers	- Technology incentives - Level of innovation - Automation - R&D activity - Technological change - Technological awareness	- Weather - Climate - Environmental policies - Climate change - Pressures from NGO's	- Discrimination laws - Antitrust laws - Employment laws - Consumer protection laws - Copyright and patent laws - Health and safety laws

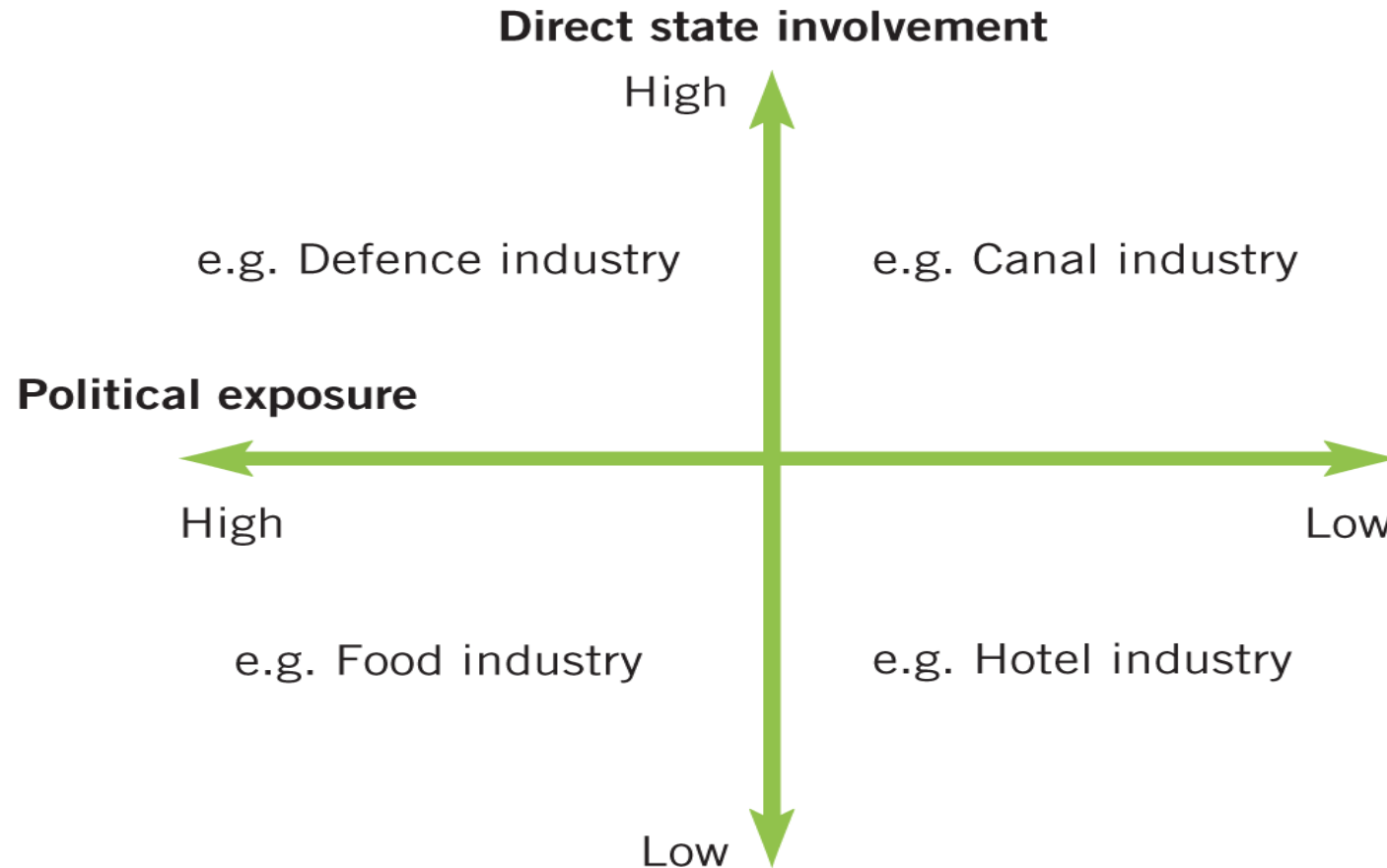
- **Political:** Tax policy; environmental regulations; trade restrictions and reform; tariffs; political stability
 - **Economic:** Economic growth/decline; interest, exchange, inflation and wage rates; minimum wage; working hours; unemployment (local and national); credit availability; cost of living
 - **Sociological:** Cultural norms and expectations; health consciousness; population growth rates; age distribution; career attitudes; health and safety
 - **Technological:** New technologies are continually emerging (for example, in the fields of robotics and artificial intelligence), and the rate of change itself is increasing. How will this affect the organisation's products or services?
 - **Legal:** Changes to legislation impacting employment, access to materials, quotas, resources, imports/exports, and taxation
 - **Environmental:** Global warming and the increased need to switch to sustainable resources; ethical sourcing (both locally and nationally), including supply chain intelligence. Pandemics and other emergencies.
- **By analysing those factors, organisations can gain insight into the external influences which may impact their strategy and business decisions**

Political

- These are all about how and to what degree a government intervenes in the economy.
- This can include – government policy, political stability or instability in overseas markets, foreign trade policy, tax policy, labour law, environmental law, trade restrictions and so on. (COVID-19 for example)
- Organisations need to be able to respond to the current and anticipated future legislation and adjust their HRM policies accordingly.



Political factors (example)



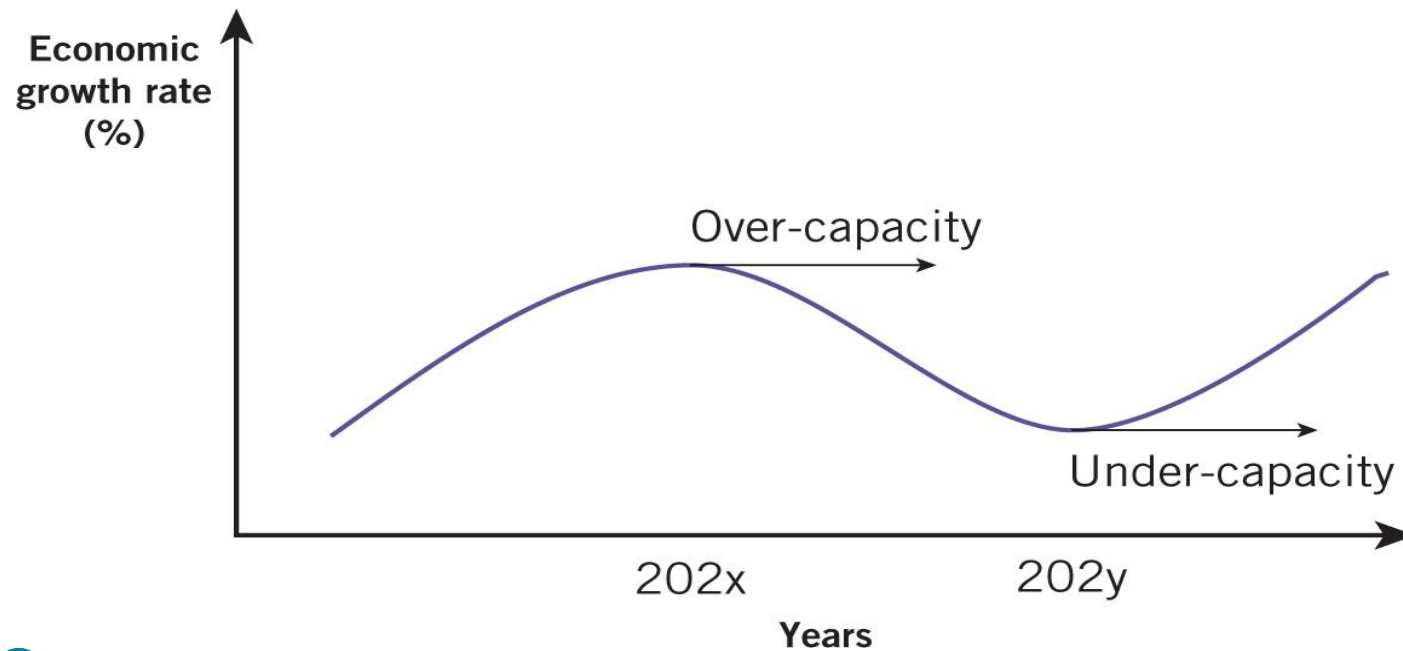
Economic factors

Economic factors include:

- Business cycles.
- Interest rates.
- Personal disposable income.
- Exchange rates.
- Unemployment rates.
- Differential growth rates around the world.

Economic factors (2 of 3)

Economic Cycles – economic growth rates have an underlying tendency to rise and fall in regular cycles.



Pearson

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Economic

- Factors include – economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses.
- (Consider how the economy is being affected now by COVID-19)
- These factors can be further broken down into macro-economical and micro-economical factors.
- **Macro-economical factors** deal with the management of demand in any given economy. Governments use interest rate control, taxation policy and government expenditure as their main mechanisms they use for this.
- **Micro-economic factors** are all about the way people spend their incomes.



Social

- Also known as socio-cultural factors, are the areas that involve the shared belief and attitudes of the population.
- These factors include –age distribution, health consciousness/flexible working, career attitudes and so on.
- It is important that HRM keep up with changing behaviours such as the increase in social media usage for effective recruitment channels to target the right demographic .



Technological

Over the last 10 years, changes in technology have massively impacted every industry and the degree and speed that this will occur in the future is only going to increase.

- Examples of how technology is used in human resource management. -
 1. Employee Management & Talent Management
 2. Employee Engagement & Employee Management
 3. Training and Development
 4. Recruitment & Selection
 5. Employee Scheduling and Tracking
 6. Documentation

However, you should keep in mind that technological breakthroughs can't compete with humans. Some roles and tasks are better off done by humans. While this is true, technology is still important to businesses.





ThinkPad X1 Fold

Technological factors

New discoveries and technology developments.

E.g. nano-technology or the rise of new composite materials.

Technological factors

There are five primary indicators of innovative activity:

- *Research and development budgets.*
- *Patenting activity.*
- *Citation analysis.*
- *New product announcements.*
- *Media coverage.*

Environmental

- The environment has become important due to the increasing scarcity of raw materials, pollution targets, doing business as an ethical and sustainable company, carbon footprint targets set by governments (*this is a good example where one factor could be classed as political and environmental at the same time*).
- More and more consumers are demanding that the products they buy are sourced ethically, and if possible, from a sustainable source.
- (*Marriott and their sustainable agenda with the Serve 360 programme*)
- Hotels are -
 - Reducing carbon footprint
 - Saving money on operational expenses
 - Protecting the environment

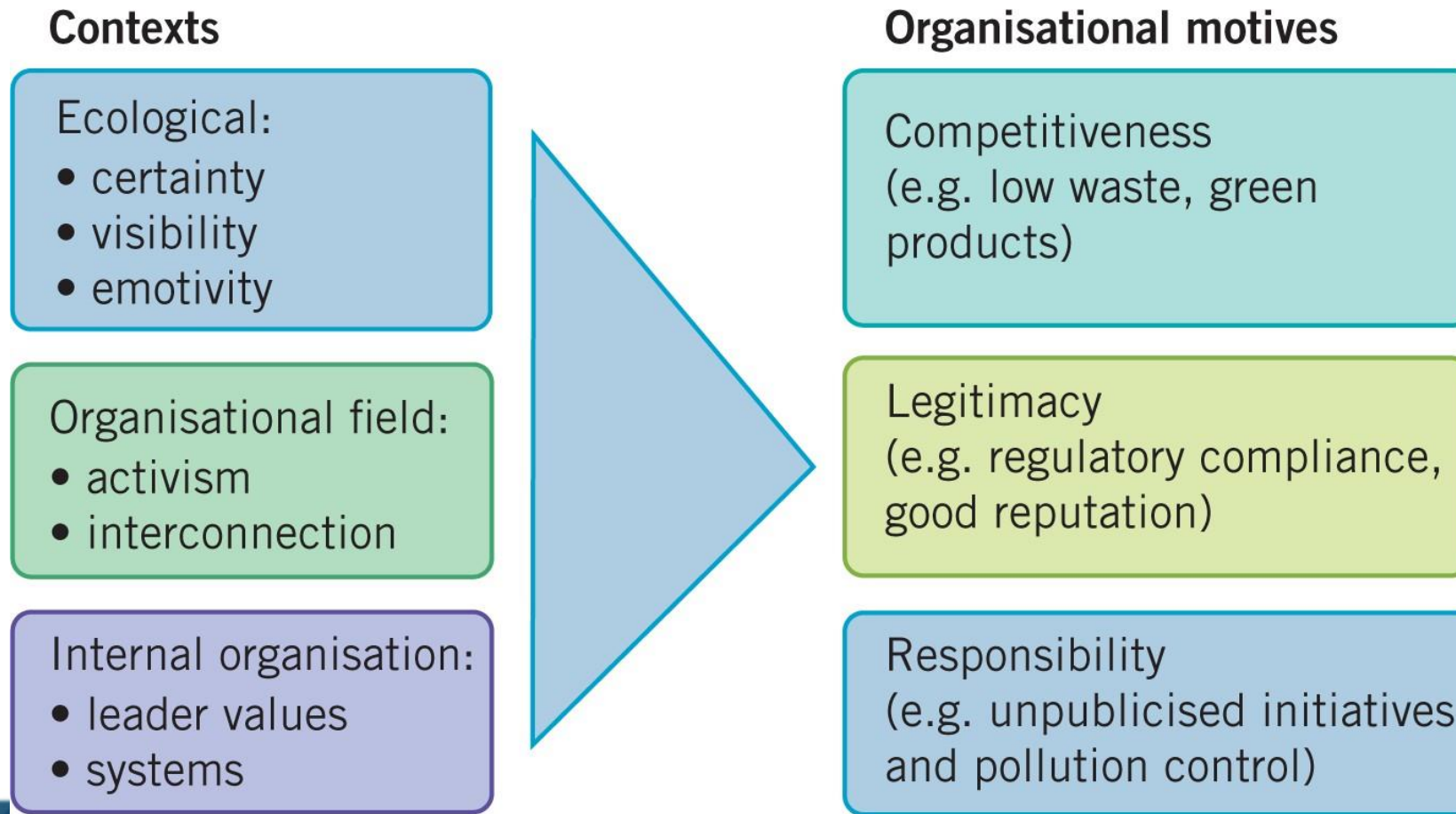


Legal

- Health and Safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety.
- Important for companies to know what is not legal in order trade successfully.
- Employment Law
- If an organisation trades globally this becomes more difficult as each country has its own set of rules and regulations.

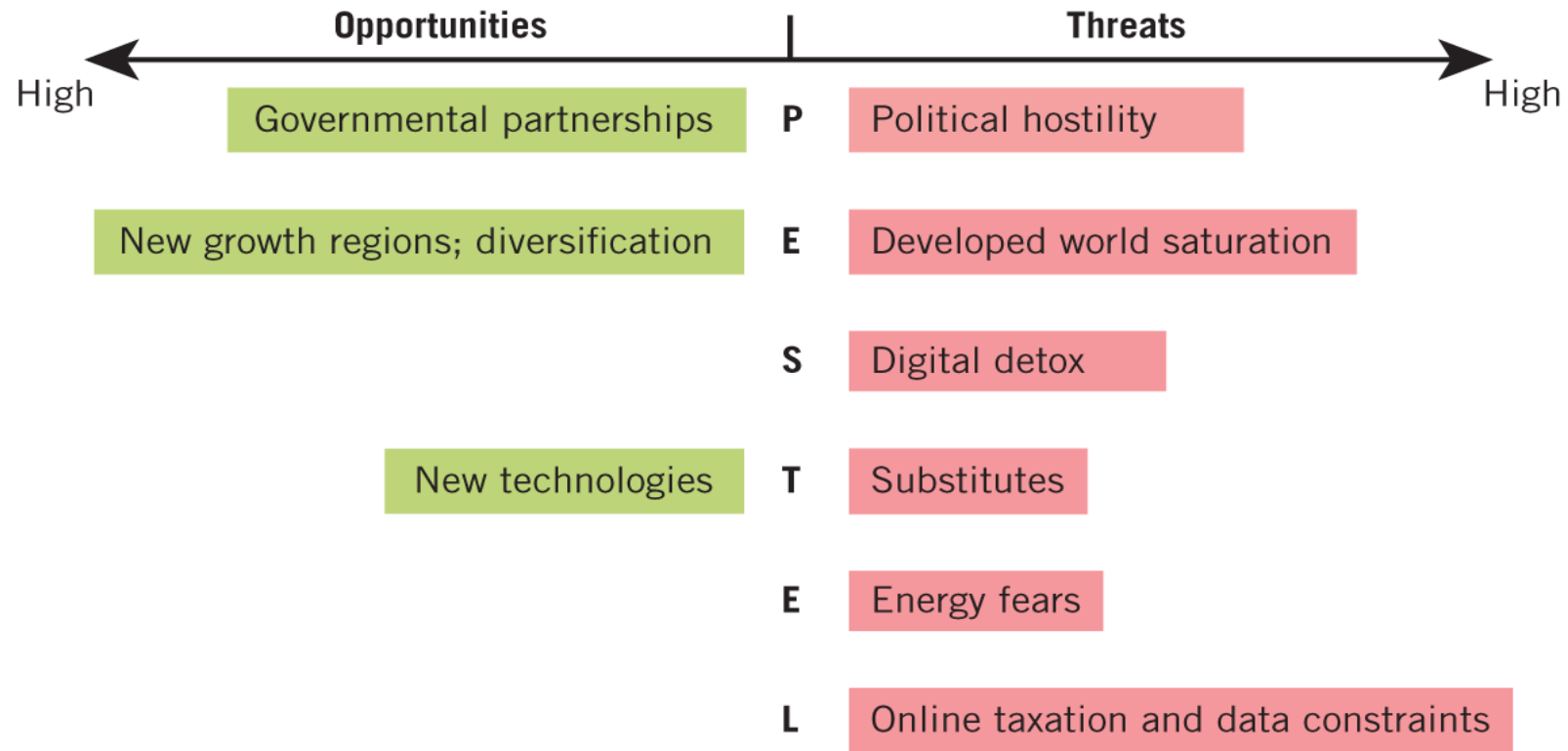


Contexts and motives for ecological (environmental) issues



Substantially adapted from: Bansal, P. and Roth, K. (2000), 'Why companies go green: a model of ecological responsiveness', *Academy of Management Journal*, 43(4), 717–36 (Figure 2, p. 729)

Example of PESTEL for Company X



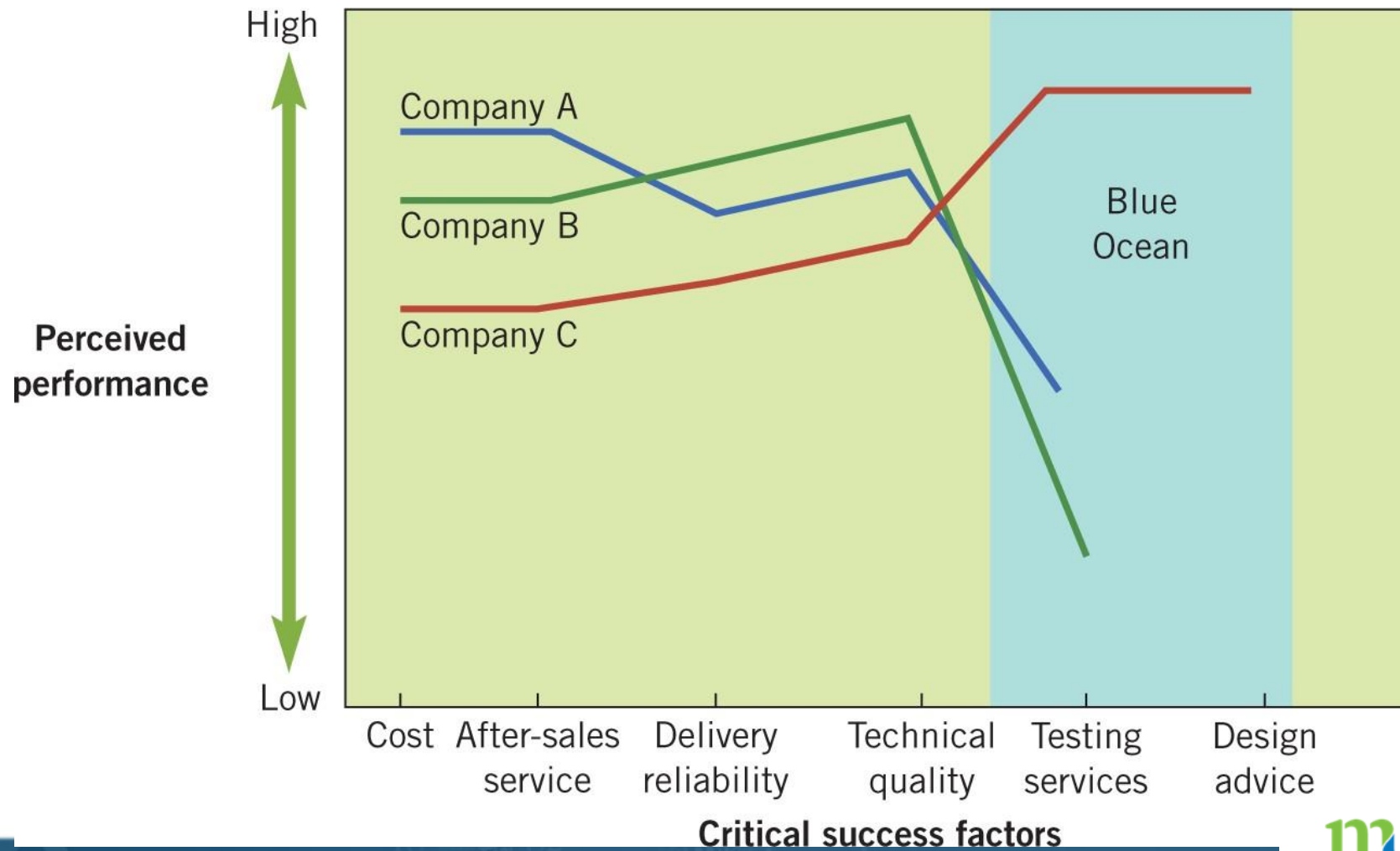
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Identify Critical success factors (CSFs)

Critical success factors are those factors that are either particularly valued by customers or which provide a significant advantage in terms of cost.

- Critical success factors are likely to be an important source of competitive advantage if an organisation has them (or a disadvantage if an organisation lacks them).
- Different industries and markets will have different critical success factors (e.g. in low-cost airlines the CSFs will be punctuality and value for money whereas in full-service airlines it is all about quality of service).

Strategy canvas



Note: cost is used rather than price for consistency of value curves.
Source: Developed from W.C. Kim and R. Mauborgne, *Blue Ocean Strategy*, Harvard Business School Press, 2005.

Resources and capabilities: the key issues

What are resources and capabilities?



What type of resources and capabilities can contribute to competitive advantage and superior performance?



How can resources and capabilities be evaluated?



How can resources and capabilities be developed and managed?

Resources and capabilities

Resources: what we have (nouns), e.g.		Capabilities: what we do (verbs), e.g.
Machines, buildings, raw materials, patents, databases, computer systems	Physical	Ways of achieving utilisation of plant, efficiency, productivity, flexibility, marketing
Balance sheet, cash flow, suppliers of funds	Financial	Ability to raise funds and manage cash flows, debtors, creditors, etc.
Managers, employees, partners, suppliers, customers	Human	How people gain and use experience, skills, knowledge, build relationships, motivate others and innovate

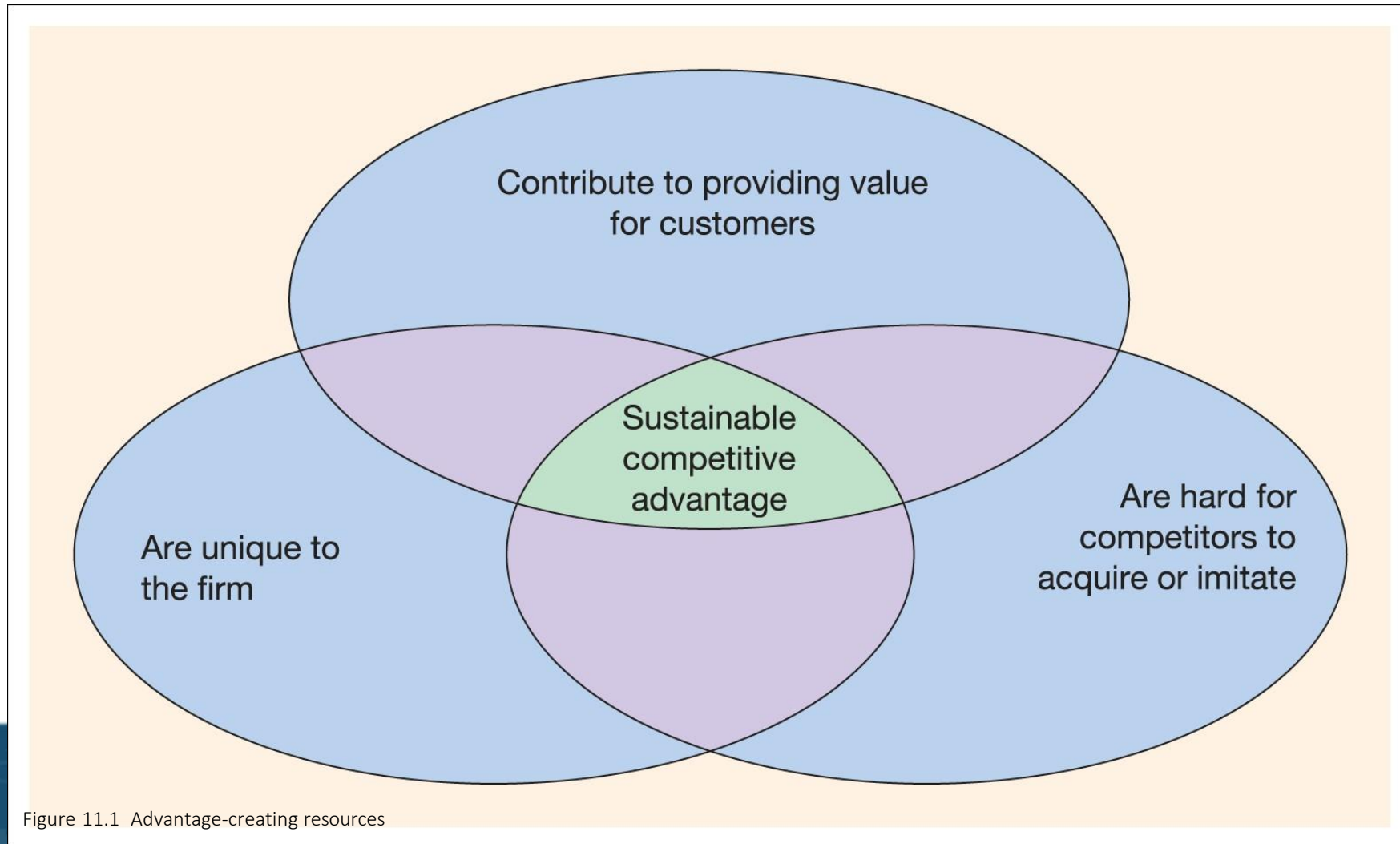
Resource-based strategy

The **resource-based view (RBV)** of strategy asserts that the competitive advantage and superior performance of an organisation are explained by the distinctiveness of its capabilities.

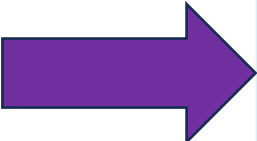
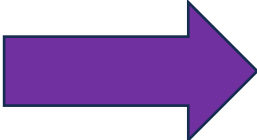
The ***resources and capabilities*** of an organisation contribute to its long-term ***survival*** and potentially to ***competitive advantage***.

- ***Resources*** are the assets that organisations have or can call upon (e.g. from partners or suppliers), that is '***what we have***' (nouns).
- ***Capabilities*** (sometimes referred to as competences) are the ways those assets are used or deployed, that is '***what we do***' (verbs).

Resource-based approach

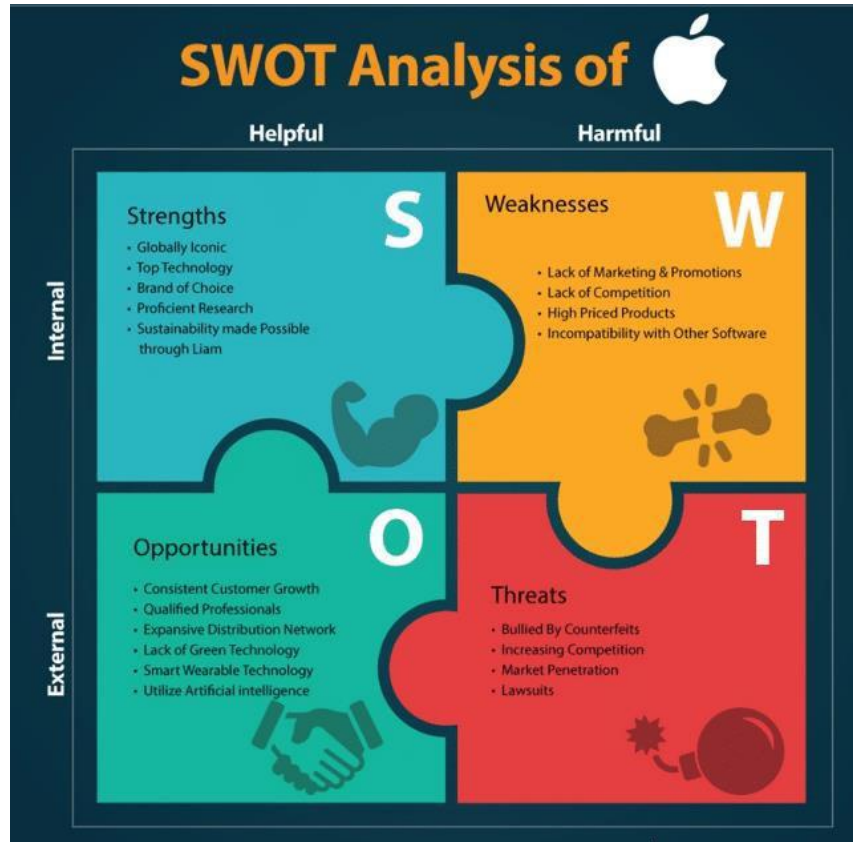


Resources and capabilities



Resources: what we have (nouns), e.g.		Capabilities: what we do (verbs), e.g.
Machines, buildings, raw materials, patents, databases, computer systems	Physical	Ways of achieving utilisation of plant, efficiency, productivity, flexibility, marketing
Balance sheet, cash flow, suppliers of funds	Financial	Ability to raise funds and manage cash flows, debtors, creditors, etc.
Managers, employees, partners, suppliers, customers	Human	How people gain and use experience, skills, knowledge, build relationships, motivate others and innovate

SWOT analysis



SWOT provides a general summary of the Strengths and Weaknesses explored in an analysis of strategic capabilities and the Opportunities and Threats in the environment.

INTERNAL ANALYSIS:

STRENGTHS, WEAKNESSES

EXTERNAL ANALYSIS:

OPPORTUNITIES, THREATS

SWOT

- A SWOT analysis is a planning tool which seeks to identify the Strengths, Weaknesses, Opportunities and Threats involved in a project or organisation. It's a framework for matching an organisation's goals, programmes and capacities to the environment in which it operates. (CIPD, 2021)

Developing the **TOWS** matrix

How do these strategic move/plan affect HR ?

		Internal factors	
		Strengths (S)	Weaknesses (W)
External factors	Opportunities (O)	SO Strategic options Generate options here that use strengths to take advantage of opportunities	WO Strategic options Generate options here that take advantage of opportunities by overcoming weaknesses
	Threats (T)	ST Strategic options Generate options here that use strengths to avoid threats	WT Strategic options Generate options here that minimise weaknesses and avoid threats

Issues with SWOT analysis

- Long lists with *no prioritisation*.
- *Over generalisation*
- SWOT is used as *a substitute for analysis instead of the result of detailed analysis*
- SWOT is *not used to guide strategy*

How has external factors affected the industry internally?

- Using the SWOT model, add your answers to the Chat

- **Strengths:** positive tangible and intangible attributes, internal to an organisation and within the organisation's control
- **Weaknesses:** internal factors within an organisation's control that detract from the organisation's ability to attain the desired goal. Which areas might the organisation improve?
- **Opportunities:** external attractive factors that represent the reason for an organisation to exist and develop. What opportunities exist in the environment, which will propel the organisation? Identify them by their 'time frames'.
- **Threats:** external factors beyond the organisation's control which could place the organisation mission or operation at risk. The organisation may benefit by having contingency plans to address them if they should occur. Classify them by their severity and probability of occurrence.

Assignment 2

- Research Project Proposal – 2000 words (+/-10%)
-
- What are the current challenges that the industry is facing that is affecting employee retention.
- Background





Activity

- [8 Examples of Robots Being Used in the Hospitality Industry \(revfine.com\)](https://www.revfine.com)

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I look forward to seeing you next week. If you have any questions in the meantime, please send an email or on the Teams tile!