

Report Title: Organisational Report

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Executive Summary

This study introduces the background of the chosen organisation “InterContinental Hotel Groups (IHG). The IHG is a British multinational organisation operating in more than 100 countries worldwide. The organisation maintains diversity, equity and inclusion and motivates the employees to work together to provide high-quality services to customers. The hybrid organisational culture helps the organisation to promote equality and maintain diversity, which generates relevant ideas for the betterment of the organisation. The CEO, CFO, CHRO and other executive committee members make the relevant decisions regarding day-to-day activities. “Hofsted’s Cultural Dimension Theory” is also elaborated on, and the impact of the six dimensions on the organisation mentioned above is also discussed.

The “10-year business plan” and “IHG change 100 programmes” are some notable change initiatives of this company, which are elaborated in this study. The commitment of IHG towards the net zero and waste management process is also discussed. The enhancement of the usage of multi-cloud and the partnership of IHG with MDLBEAST to provide more unique services to customers are depicted in this particular study. The study concludes with a summary of the discussion of relevant information.

Table of Contents

1. Introduction	3
1.1 Organisational Background	3
2. Discussion	5
2.1 Organisational Structure	5
2.2 Organisational Culture	6
2.2.1 Hofstede's Cultural Dimensions Theory	7
2.3 Goals or Aims of IHG	9
2.4 Discussion of the change initiatives of IHG and the impact of the initiatives	10
2.5 The strategic direction of IHG	12
3. Conclusion	12
References	13

1. Introduction

The study will analyse the background and structure of the chosen organisation, InterContinental Hotels Group (IHG), to better understand the topic. Therefore, the culture and goals or aims of the organisation will also be elaborated on in this study. The recent initiatives for implementing changes and the strategic direction will also be discussed in this study.

1.1 Organisational Background

“The InterContinental Hotels Group”, which is famous as *“IHG Hotels and Resorts”* is a British Multinational and popular hospitality organisation (IHG, 2024). The headquarters of this organisation is in Windsor, England. The diverse portfolio of this organisation is loved by billions of customers worldwide as it chooses the proper hotel brand for the owners and the customers to satisfy their needs.

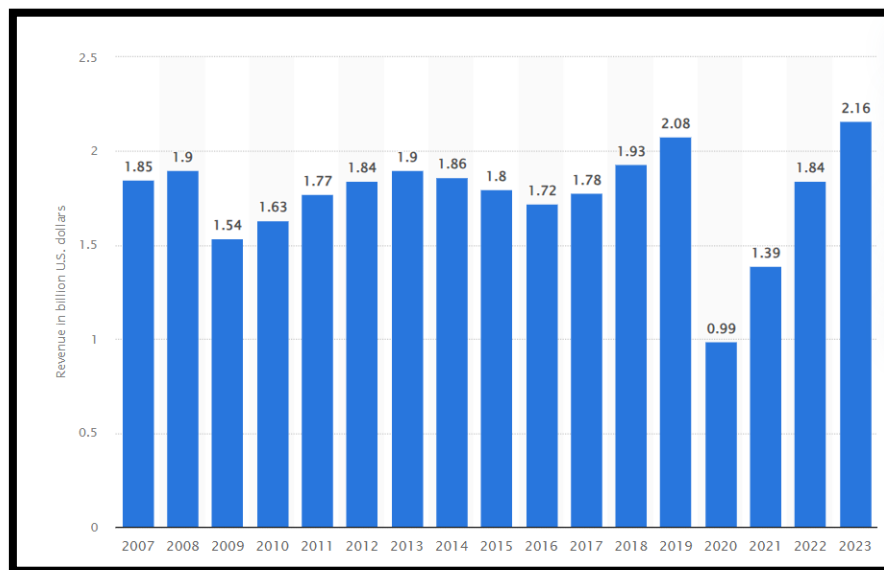


Figure 1: The Revenue of IHG across the world from 2007-2023

(Source: Statista, 2024)

As per the above graph, IHG generated revenue of almost \$2.16 billion in 2023, an increase of almost \$1.84 billion from last year (Statista, 2024). The revenue enhancement proves that the organisation provides high-quality services to further customer satisfaction. On the other hand, the pandemic and Brexit hamper organisational performance and income.

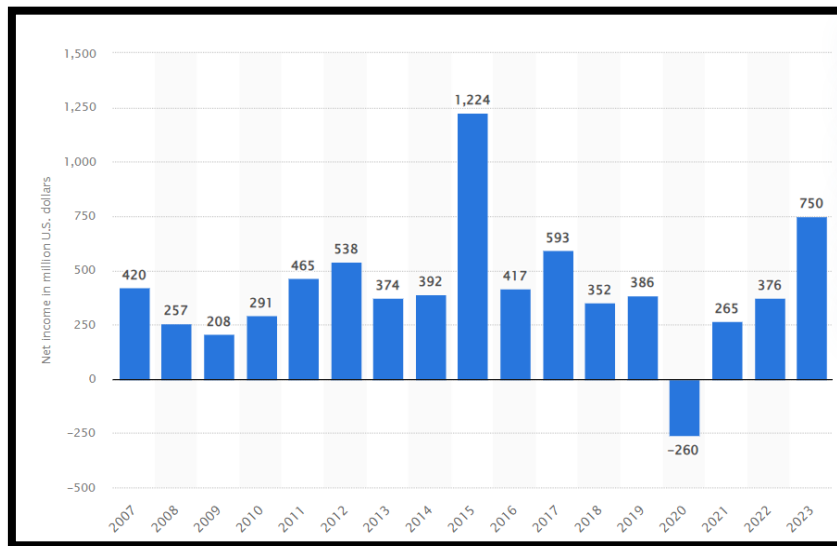


Figure 2: InterContinental Hotel Groups Income from 2007-2023

(Source: Statista, 2024)

As per the above graph, IHG's net income in 2023 was \$750 million (Statista, 2024). This organisation's net income peaked at \$1.2 billion in 2015. Its strategic initiatives, structure, and goals make it popular and one of the leading hospitality organisations in the world.

2. Discussion

2.1 Organisational Structure

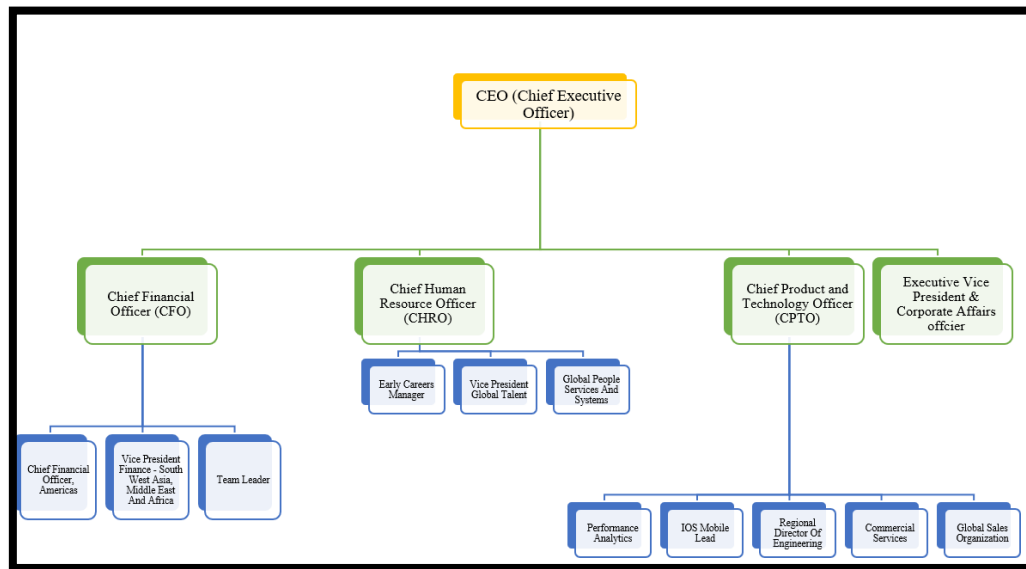


Figure 3: Organisational Structure of IHG

(Source: Self-Developed)

The IHG follows the hybrid organisational structure, which combines the practical elements of the divisional and functional structures into one. The CEO of the IHG is Elie Maalouf, and his notable leadership style helps the organisation make relevant data-driven decisions for the betterment of the organisation's future (IHG, 2024). Therefore, the Executive Committee of IHG implements the operational decisions. The CEO and the executive committee focus on the organisation's day-to-day management activities. The CEO, CFO, and CHRO play the most critical role in strengthening the decision-making process for further development of the organisation's various areas.

2.2 Organisational Culture

The core component of IHG's culture is respect for everyone and maintaining a collaborative environment within the workplace (To, 2021). Therefore, the organisation maintains strict policies to prevent discrimination, racism, or harassment. The organisation believes that work needs to be conducted as a team and that providing everyone with the freedom to share their ideas is essential. It reflects the importance of caring for the community, people, and business.

The organisation focuses on the culture of “Diversity, Equity, and Inclusion”. It creates an inclusive and diverse culture. As a result, diverse tourists come to stay at the IHG hotels, different owners invest in them, and eclectic, talented employees join the organisation for further betterment. It is a global community, so everyone has equal value or importance in this workplace, which promotes equality and maintains trust or transparency among the employees, customers, and the organisation (Fallah Shayan *et al.*, 2022). The organisation retains business ethics, significantly impacting its decision-making process and profitability.

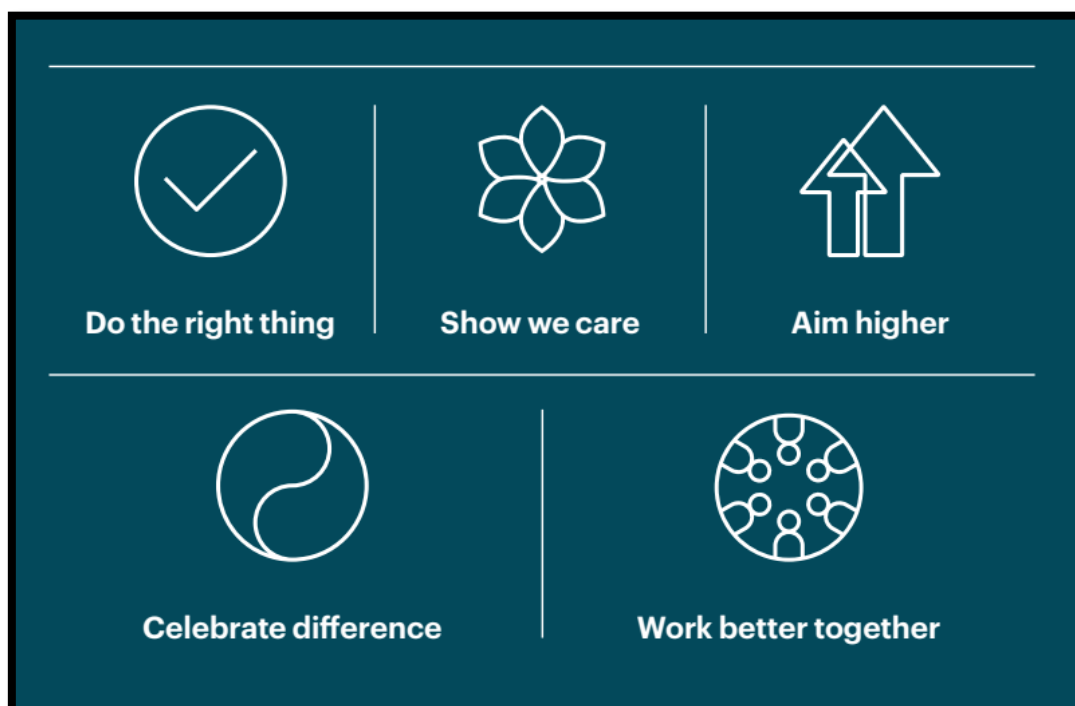


Figure 4: Business ethics incorporated in the culture of IHG

(Source: IHG, 2022)

The business ethics of this organisation are to conduct the proper thing, show care to the customers and employees, work as a team, and celebrate diversity or inclusiveness. It has a massive impact on the thinking process and the behaviour of the employees. According to the organisation, the approach of IHG to the business, including the structure, governance, values, workplace environment, “code of conduct,” and others, drive the culture, and it also helps the organisation to understand its KPIs and strategic priorities (IHG, 2022).

IHG operates its business in more than 100 countries across the world, and almost 350,000 colleagues or employees represent diverse nationalities, races, abilities, sexualities, religions, beliefs, backgrounds, and cultures, which make this organisation a secure place to work. The organisation establishes a culture of individuality or provides value to everyone. The cornerstone of the culture of IHG is its passion and notable commitment towards maintaining “Diversity, equity and inclusion” (IHG, 2024). It is at the centre of IHG’s purpose to provide advanced and secure hospitality to guests, communities, hotels, owners, and others. According to the discussion, the business delivers hospitality amenities through a culture that maintains or attracts dedicated staff members while also effectively embracing relevant opportunities that have a good global influence.

2.2.1 Hofstede’s Cultural Dimensions Theory

Hofstede’s cultural dimension model is a practical structure that helps to understand the diversity or differences in culture worldwide and the process by which business is conducted in diverse cultures (Alqarni, 2022). “**Power Distance Index (PDI)**” is the first dimension of this model, which refers to the notable extent of differences in various groups or individuals. It

is said that the UK is at the lower rankings of PDI (35), which means that society believes that inequality needs to be reduced.

It helps IHG to treat every employee equally and provide equal importance. Therefore, **“Individualism vs. collectivism”** refers to how an employee thinks of himself as part of the team (Rojo *et al.*, 2020). At a score of 76, after exploring the culture of the UK through the 6D dimension model of Hofstede, it is observed that the UK has an individualistic society. The British are private and individualistic people. The IHG focuses on individual performance and the appreciation of employees in the UK to maintain their satisfaction.

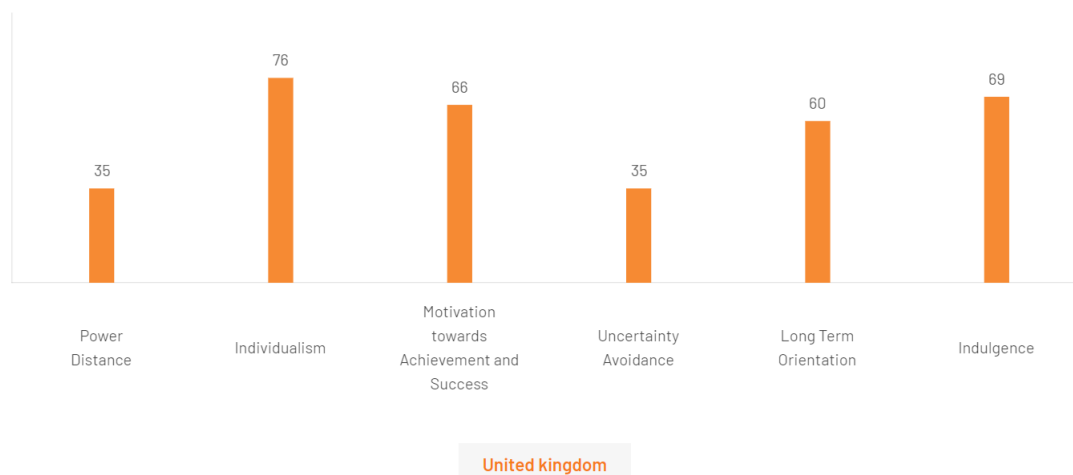


Figure 5: The value of Hofstede's Cultural dimension in the UK

(Source: Hofstede-insights, 2024)

On the other hand, the “Motivation Towards Achievement and Success” dimension of this model defines that managers need to become decisive and focus on performance and competition. The score of this dimension in the UK is 66, which indicates that the UK has a decisive society that focuses on high success. As a result, the employees of IHG “live to work,” and the organisation maintains an ambitious culture and competitive performance, which makes it competitive in the UK market.

Therefore, the **“Uncertainty Avoidance Index (UAI)”** defines employees' psychological power to cope with anxiety (Taras, Steel, and Stackhouse, 2023). The UK has a low score in it (35), which means that people can cope with challenges or anxiety. This helps IHG take risks or bold steps to explore services and expand the business in the UK.

The organisation controls the employees properly and decides regarding the risks of interacting with them. The **“Long-term orientation vs. short-term orientation”** dimension defines the time horizon of employees and their concerns regarding long-term and short-term success. The UK's score is 60 in this dimension, meaning Britain has a pragmatic culture. The people believe in that culture that truth depends on situation and time. This dimension helps IHG understand this culture and inspire employees to succeed.

On the other hand, **“Indulgence and Restraint (IVR)”** defines the extent of the nation's interest in meeting the needs of employees (Evan and Holý, 2023). The UK's score in this dimension is 69, which means that British culture is indulgent. The UK employees like to spend leisure time and money as they wish. So, IHG provides a flexible environment to the employees.

2.3 Goals or Aims of IHG

The **“Carbon Reduction Commitment (CRC) energy efficiency scheme”** needs IHG to reduce emissions from all UK company properties. For this reason, the IHG targets the reduction of GHG emissions by almost 46% by 2030 from its 2019 baseline (IHG Plc, 2024). This objective was effectively evaluated by the **“Science-based Target Initiative (SBTi)”** as being correctly in line with the 1.5 trajectories recommended in “The Paris Agreement”. Moreover, the organisation also implements the **“high-level framework”** for prioritising various interventions throughout the lifecycle of the hotel so that the organisation can achieve a net zero by almost 2050 (IHG, 2021).

On the other hand, the 2030 commitment of the IHG is to reduce the use of reusable or recyclable items to minimise waste. Therefore, the organisation minimises food waste through the **“prevent, donate, and divert”** plan (IHG Plc, 2024). It helps the organisation achieve customer satisfaction and enhance profitability. The organisation opened almost 8400 rooms in its 45 hotels in the first quarter of 2023 to attract a huge base of new customers for further profitability. The organisation also wants to expand the business to enhance the room occupancy rate. The organisation's purpose is to define the notable future of “responsible travel together” with individuals who work, interact, and stay with the organisation (IHG Plc, 2024). IHG aims to care for the environment and communities by doing the right things to create **“Great Hotels Guest Love”**.

The organisation aims to provide **“True Hospitality for Good”** to enhance customer satisfaction (Kwan and Tong, 2022). Therefore, the organisation's primary goal is to shape the culture, bring diverse brands to life, and noticeably represent the commitment to make a difference for customers, owners, communities, and employees and protect the world. The organisation IHG has announced almost nine signings across nearly five brands in the UK. The IHG signs more than 1000 rooms in UK hotels to further provide a unique experience to customers (IHG Plc, 2024). From the discussion above of the culture, it is further denoted that it aims to establish strict policies for further strengthening diversity and equality within the workplace. The organisation's primary goal is cross-cultural recruitment, promoting equality in UK hotels.

2.4 Discussion of the change initiatives of IHG and the impact of the initiatives

The chosen organisation, IHG, takes various initiatives to develop the organisation's future further. Therefore, the **“IHG Change 100 Programme”** is a practical initiative of IHG, which provides *“three months paid work opportunities”* with employers for diverse, disabled, talented students and recent graduates (Hospitality ON, 2023). It allows students to generate

relevant ideas and enhances their creativity, ability, or unique insights. The organisation makes this change to enable students to utilise their talents for the betterment of their careers along with organisational success. The **“10-year Responsible Business Plan”** is another change initiative of the organisation above (IHG, 2021). IHG sets the SBTi for reducing carbon or GHG emissions in every single hotel in the UK. The organisation targets newly built effective properties for zero or low emissions by 2030.

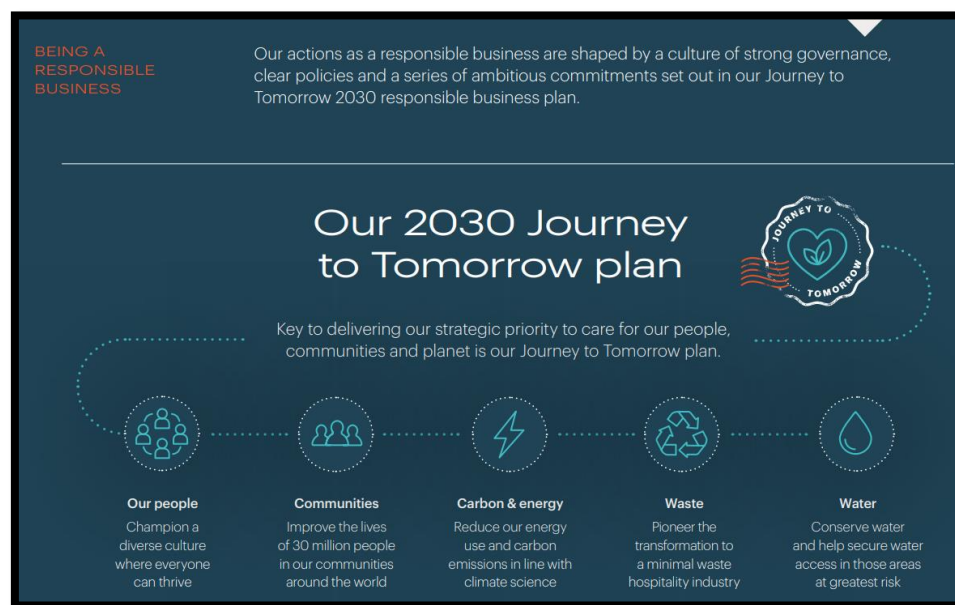


Figure 6: The 10-Year Responsible Business Plan of IHG in the UK

(Source: IHG, 2021)

The organisation also takes another change initiative to provide customers with sustainable service to enhance profitability. Furthermore, IHG is committed to maximising the use of renewable sources across its entire estate to maintain a sustainable business. The excessive use of energy sources, the sudden climate change, and the increased rate of air pollution, especially in the UK, drive the organisation to implement the changes or take the initiatives to overcome further the challenges mentioned above and fulfil customers' demand for sustainable services.

2.5 The strategic direction of IHG

The multinational company IHG maximises multi-cloud usage to develop customer experience and bottom line (CIO, 2023). This strategy of the IHG to optimise the usage of multi-cloud drives its commercial value. It enables the IHG to take advantage of **SaaS offerings**. The organisation uses “**AI-Conversational Chatbots**” and delivers its “**multi-cloud AI service**” to help guests at reception desks in UK hotels. In addition, IHG develops new workloads on the “Google Cloud Platform” and “Amazon Web Services” to further improve its services. The organisation also partners with Equinix, which helps to interconnect various regions to move workload and data. “IHG Cloud architecture” helps customers, owners, and others to get advanced error-free services.

On the other hand, IHG partners with the **MDLBEAST** to bring advanced, futuristic, and “**AI-inspired experiences**” to music fans (IHG Plc, 2024). The organisation partners with **MDBLEAST** for the first time to provide customers with a taste of music at various festivals. The organisation provides an “**AI-inspired Secret Room**” and creates the experience with the help of **MDLBEAST** for Gen Z and Millennial customers to enhance their satisfaction.

3. Conclusion

The study elaborated on a history of the InterContinental Hotel Group (IGH). Also provided more detailed examination of strategy and various change initiatives aimed at maintaining sustainability and providing distinctive offerings to clients. By prioritising quality and innovation, IGH group has potential to grow in the market by achieving their goals. This group is well positioned to continue its legacy as leader in the global hospitality industry by maintaining leveraging brand diversity and delivering high quality experience to the guests.

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