

FINANCIAL MANAGEMENT FOR THE HOTEL INDUSTRY

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Introduction

The hotel industry is one of the most significant industries that provides a significant economic contribution to the global economy. This industry has most of the human resources and has an impact on the environment too. This report is related to the comparison of insourcing and outsourcing housekeeping. This also will check the abilities of the Hilton Hotel's employees. There will be the evaluation of cost implication areas and a discussion of results where, revenues, costs, growth, and expansions will be done. Also, the sustainability report of the Hilton Hotel will be checked and the impact on the environment, society and governance will be seen. Also, the experience of guests will be checked that how Hilton is providing a pleasant experience to its guests.

❖ **Insourced Housekeeping Team vs Outsourcing Housekeeping in Hotel Hilton**

There are two main choices for Hilton or any other hotel chain when it comes to handling housekeeping services. These are insourcing the housekeeping workforce or outsourcing housekeeping. Comparisons based on these two strategies using a variety of criteria are given below:

1) Quality and Consistency:

Insource: By keeping everything in-house, the hotel can set its quality standards and provide its employees with the appropriate training. Once the staff has gotten to know the hotel's requirements and standards, there is a better chance that they will consistently meet those standards.

Outsource: When using outsourced housekeeping, the quality and consistency of service are entirely dependent on competence in their field. Maintaining service quality to the hotel's expectations requires constant communication and close monitoring as stated by Do (2020).

2) Command and adaptability:

Insource: As per Hilton (2023) by keeping housekeeping in-house, Hilton may have more input into the hiring, training, and scheduling processes. The hotel administration has complete control and may quickly adjust to new requirements.

Outsource: If a hotel uses outsourcing, it is because it wants to avoid the hassle of managing its housekeeping staff. The hotel will still be able to set standards and expectations, but they may have less say in how their employees are managed and less leeway to make last-minute changes.

3) The Loyalty of Staff and Culture of the Company

Insource: As per Schulz (2021), While having insourced housekeeping services the company may build a culture that rewards loyalty and encourages employees to take pride in their work. When housekeeping staff members understand and embrace the hotel's mission, they are better able to provide excellent service to guests.

Outsource: The housekeeping staff of an outsourced firm may be less committed to the hotel's mission and ideals.

4) Cost

Insource: According to Goldstein (2021), Having a housekeeping staff means paying for their salary, uniforms, training, benefits, equipment, and management overhead, all of which may add up quickly. The hotel, on the other hand, may better optimize expenses in light of its requirements.

Outsource: Outsourcing housekeeping has the potential to save expenditures. The hotel agrees to pay the outsourcing firm a set monthly price in exchange for the firm's services in human resource management and staff development.

5) Accountability and Responsiveness

Insource: According to Schlappig (2021), In-house workers are better able to adapt swiftly to new requirements, unexpected events and special demands. The hotel's management may hold employees personally responsible for any problems or subpar service.

Outsource: Because of the high volume of customers served by outsourcing firms, response times might be high. To guarantee promptness and accountability, it is crucial to have well-defined routes of communication and service-level agreements in place.

❖ Abilities of employees of Hilton

According to Ma (2021), the Hilton Hotel staff members all have various skills that are necessary for providing high-quality hospitality. They have superb customer service abilities and treat each visitor as an individual. Because of their brilliant communication skills, they can have effective collaboration with colleagues and customer handling. They thoroughly maintain the rooms so impeccably that they attract customers. Staff members are flexible, responding promptly to new circumstances or requests from guests. They are experts in finding solutions to problems, and they always get the job done quickly and effectively. Due to their dedication to cooperation, they collaborate well with a wide variety of colleagues and departments. On top of all that, they act with professionalism, integrity and honesty.

According to Stories From Hilton (2022), Hilton employees take about 40 hours of training on average in a year. The hotel's online learning platform provides access to all team members to Hilton University, where they may take any of more than 25,000 courses to learn new things or polish existing ones. This is because strong leadership abilities are vital for workers at any level. Because of this, Lead@Hilton provides all Team Members with access to a variety of leadership development resources, such as self-paced or training on-demand. The organization is committed to providing its employees with opportunities for development and professional growth through a wide range of education and training programs. Hilton does this through its comprehensive Job Skills training platform which is a centralized hub where all of the company's Team Members may go to get digital training checklists and mobile-friendly materials.

❖ **Cost implications**

The Hilton Hotel's cost implications extend to a wide range of factors important to the business's bottom line. Some of Hilton Hotel's key cost implication areas are given below.

1. Food and Beverage Costs

The profitability of a Hilton Hotel depends on careful management of food and beverage expenditures, which includes inventory control, sourcing, and reduction of waste.

2. Costs of Labour

Employee benefits, wages, and staff training account for a significant portion of the hotel's expenses. Maintaining a competitive wage scale while keeping down labor expenses is crucial.

3. Marketing and Sales Costs

To attract and retain guests, hotels must engage in the promotion of the brand, digital marketing, advertising and sales strategies.

4. Operational Costs

Other Operating Expenses

(\$ in millions)	Year Ended December 31,		
	2022	2021	2020
General and administrative	\$212	\$151	\$ 92
Depreciation and amortization	244	126	45
License fee expense	124	80	51
Impairment expense	17	2	209

(1) Fluctuation in terms of percentage change is not meaningful.

(Source: Annual Report 2022)

As per Deka (2022), Repairs, utilities, cleaning supplies, and IT infrastructure are all part of these costs. Keeping these expenses in check allows businesses to run more smoothly without decreasing guest satisfaction. Although along with revenue its operational costs also have been increased.

5. Renovations and Upgrades

In competitive markets hotels need to undergo regular renovations and upgrades. These are needed to be planned carefully as these might have a significant impact on the budget.

❖ Results

Hilton Holdings Inc. is one of the biggest and most well-known hotel chains in the world. It has consistently shown profitability and growth over the period. Some key highlights are given below:

1. Growth in Revenue

(\$ in millions)	Year Ended December 31,		
	2022	2021	2020
Revenues:			
Real estate sales and financing	\$2,378	\$1,451	\$494
Resort operations and club management	1,197	700	276
Total segment revenues	3,575	2,151	770
Cost reimbursements	297	202	137
Intersegment eliminations ⁽²⁾	(37)	(18)	(13)
Total revenues	<u>\$3,835</u>	<u>\$2,335</u>	<u>\$894</u>

Hilton's consistent revenue growth may be attributed to many strategic moves, including raising room rates, entering new markets, and acquiring more hotels. The wide range of products offered by the company's many brands allows it to appeal to a wide range of consumers.

2. Brand Recognition and Loyalty

As per Stories From Hilton (2023), A strong recognition of the brand among tourists is an indication of Hilton's loyalty. The company's loyalty programs provide frequent guests with a variety of perks. This helps in increasing customer satisfaction, loyalty and repeat business.

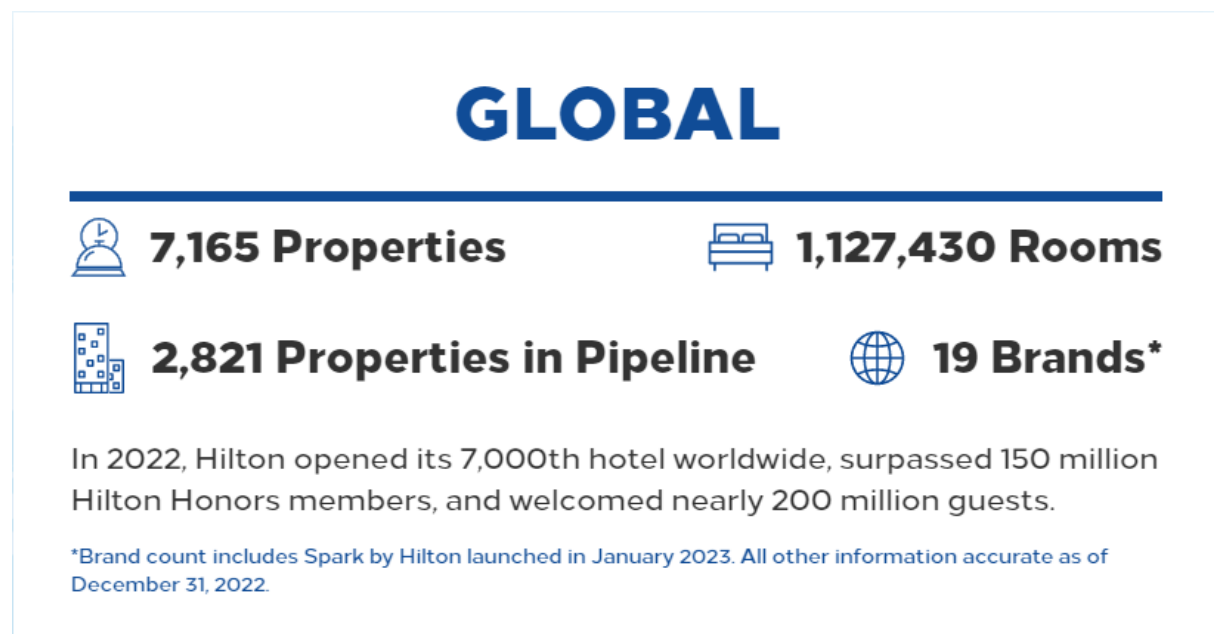
3. Innovation and Technology

According to Stories From Hilton, (2023), For simplifying operations and improving the guest experience as a leader in the dynamic hospitality sector, Hilton has invested in cutting-edge technology and digital solutions. With the help of technology, it can provide personalized services to guests.

4. Strategic Alliances

To improve its services and draw in more clients, Hilton has partnered with major corporations including financial institutions and airlines.

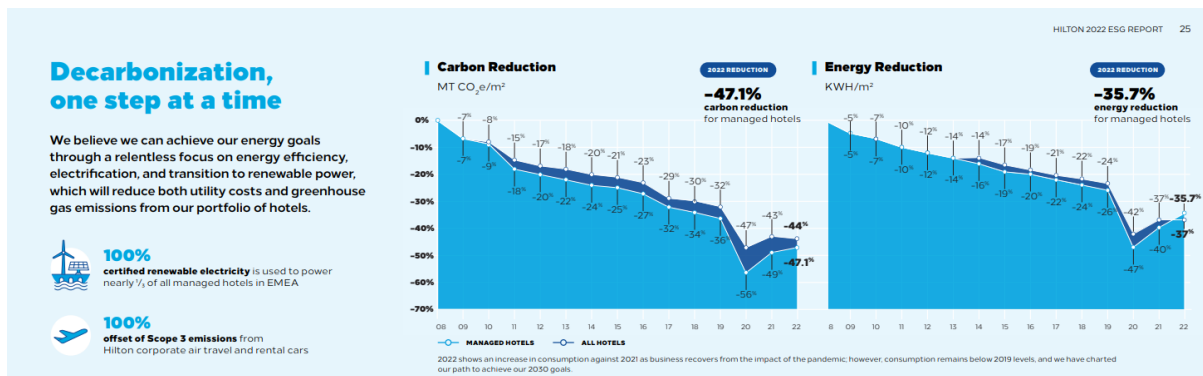
5. Global Presence



(Source: Stories from Hilton, 2022)

Hilton has a huge portfolio of hotels and resorts in many different continents and including North America, the Middle East, the Asia-Pacific, and Europe. The company's worldwide presence provides expanding opportunities into new markets and generates more revenue.

❖ Sustainability



As per Theodorou (2023) the hotels have been able to reduce the significant environmental impact by using eco-friendly procedures for their upkeep, logistics, customer service and supplies. These fundamentals center on three main ideas includes energy efficiency, waste minimization and water conservation. Hilton Hotels & Resorts is making recycling and waste reduction top priorities by implementing simple but significant adjustments that each property can make. Hilton uses around 94% renewable energy.



The world's largest hotel chain is doing its part to protect the environment by decreasing its waste, boosting its usage of renewable energy and reduction of carbon emissions, and optimizing its water and power use. To have a major, unified influence on reducing climate change, the hospitality sector as a whole has to do more than what hotels like Hilton are already doing.

❖ Consistency

According to Hilton.com (2023), Hilton Hotels are well-known for its dedication to consistency throughout its hotels, guaranteeing that guests will have a pleasant stay regardless of the location. Some examples of Hilton's consistency include the following:

1. Brand Standards – As per Chung and Byrom (2021), Facilities, Service, housekeeping and atmosphere are just a few examples of how Hilton's brand standards extend to every aspect of the guest experience. The goal of these guidelines is to ensure that the properties are of the same high quality.

2. Brand Reputation - Hilton has been in the hotel business for decades and that reputation rests on the consistent quality of its services. Guests choose Hilton anticipating a standard of comfort, quality, and hospitality during their stay.

3. Training and Certification – According to Bigné, et. al.(2020), Hilton is committed to providing its staff with the tools they need to provide consistently high-quality service through its extensive training and certification programs. Employees are trained extensively to maintain Hilton's service standards and provide a consistent experience for guests.

4. Technology and Innovation - Hilton uses computer programs and other electronic means to ensure uniformity and simplify processes. This comprises reservation systems, check-in and check-out procedures, and guest-specific settings to provide a consistent feel regardless of location.

5. Design and Layout - The design and layout are often identical amongst Hilton hotels, giving the whole chain a unified look. Hilton's signature style can be seen throughout the hotel, from the lobby to the guest rooms.

❖ Guest Experience

Guests of the Hotel Hilton can expect nothing less than an excellent experience throughout their time there. Some key aspects are given below that enhance the customer experience.

1. **Warm Hospitality-** As per Escobar (2021), Hilton places a premium on providing warm and individualized hospitality, making each visitor feel special from the point they arrive. The trained staff is good at treating guests with warmth and consideration, attending to their requests with efficiency and competence.
2. **Hilton Honors Loyalty Program** – Various benefits are provided by Hilton's loyalty program. They provide guests with several perks throughout their stays, including exclusive discounts, free standard room upgrades and so on. The program provides incentives for returning customers and improves the guest experience.
3. **Commitment to Safety and Cleanliness** –Hilton is dedicated to the health and safety of its guests and follows strict measures to maintain these high standards. This dedication is more important than ever, and it will provide visitors with a much-needed piece of mind throughout their stay.
4. **Comfortable Accommodations** – As per Zhang, et. al. (2020), All of Hilton's rooms from the most luxurious suites to the most basic guestrooms are spacious and comfortable. The rooms are designed in such a way that they provide comfortable beds, modern amenities and so on.
5. **Culinary Delights** – Hilton is well-known for its many cafés, bars and restaurants, many of which may be found inside the hotel itself. Expert chefs make a wide range of dishes to satisfy guests with varying palates and dietary restrictions.
6. **Superb Amenities** – According to Kitsios, et. al. (2021) Hiltons have great amenities including spas, pools, gyms and even business centres. These features were created with the visitors in mind, giving them all they may want throughout their stay.

As per Hilton (2021), the objective of Hilton Hotel is to provide guests with an experience that goes above and beyond their expectations through a mix of pleasant friendly service, lodgings, rewarding delicious meals, loyalty, careful planning, and a commitment to guest safety. The purpose is to leave a positive impression on visitors so that they will want to return and tell others about their experience at Hilton.

Conclusion

It has been concluded from the above report assessment second that Hilton Hotel is one of the largest hotel franchises which is operating globally. This has been using both types of housekeeping teams which are insourcing as well as outsourced. It also has been noticed that the employees of the Hilton hotel are very well experienced and trained. They handle the customers very well. The results of the company show that it is continuously increasing its revenue and increasing its expansion at many new locations. Also, it is providing such a great service that the guest experience is superb.

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Appendices

ENVIRONMENTAL IMPACT

		2022	2021	2020	2019	2008 BASELINE
GREENHOUSE GAS EMISSIONS						
Scope 1 Direct Emissions	Emissions (MT CO ₂ e)	446,084	415,034	329,570	476,036	437,087
	Emissions intensity (MT CO ₂ e/m ²)	0.0157	0.0151	0.0132	0.0199	0.0307
Scope 2 Indirect Emissions	Location-based emissions (MT CO ₂ e)	1,922,844	1,778,303	1,419,705	1,949,324	1,562,544
	Location-based emissions intensity (MT CO ₂ e/m ²)	0.0678	0.0646	0.0569	0.0815	0.1098
	Market-based emissions (MT CO ₂ e)	1,904,610	1,762,174	1,388,664	1,931,834	1,792,500
	Market-based emissions intensity (MT CO ₂ e/m ²)	0.0672	0.0641	0.0557	0.0808	0.1260
Total Scope 1 + 2 Emissions	Location-based emissions (MT CO ₂ e)	2,368,928	2,193,338	1,749,275	2,425,360	1,999,631
	Location-based emissions intensity (MT CO ₂ e/m ²)	0.0835	0.0797	0.0701	0.1014	0.1405
	Market-based emissions (MT CO ₂ e)	2,350,694	2,177,208	1,718,234	2,407,870	2,229,587
	Market-based emissions intensity (MT CO ₂ e/m ²)	0.0829	0.0792	0.0689	0.1007	0.1567
Scope 3 Emissions	Franchise emissions (MT CO ₂ e)	4,020,579	4,087,530	3,189,909	3,884,715	3,019,210
	Franchise emissions intensity (MT CO ₂ e/m ²)	0.0742	0.0785	0.0749	0.0971	0.1363
	Emissions from business travel (MT CO ₂ e)	17,095	7,616	6,449	26,754	—
	Emissions from waste (MT CO ₂ e)	86,883	73,000	59,986	117,772	125,821
	Emissions from waste intensity (MT CO ₂ e/m ²)	0.0031	0.0027	0.0024	0.0049	0.0088
Total Location-Based Emissions: Managed and Franchised	Location-based emissions (MT CO ₂ e)	6,389,507	6,280,868	4,939,184	6,314,510	5,018,841
	Location-based emissions intensity (MT CO ₂ e/m ²)	0.0774	0.0789	0.0732	0.0988	0.1380
Total Market-Based Emissions: Managed and Franchised	Market-based emissions (MT CO ₂ e)	6,371,273	6,264,738	4,908,143	6,292,556	5,248,797
	Market-based emissions intensity (MT CO ₂ e/m ²)	0.0772	0.0787	0.0727	0.0985	0.1443
ENERGY						
Energy Consumption MWh	Managed	6,800,671	6,164,255	4,956,217	6,828,225	5,289,613
	Franchised	13,127,543	12,900,585	10,015,986	11,838,738	8,445,834
	Total	19,928,215	19,064,840	14,972,203	18,666,964	13,735,447
Energy Use Intensity MWh/m²	Managed	0.2398	0.2241	0.1987	0.2856	0.3861
	Franchised	0.2423	0.2479	0.2353	0.2960	0.3813
	Total	0.2414	0.2396	0.2218	0.2921	0.3831



ENERGY AND CARBON

Hilton is committed to reducing Scope 1 and 2 carbon emissions from managed hotels by 75% and working with franchisees to reduce Scope 3 carbon emissions from franchised hotels by 56%.

MT CO₂e/m², 2008 baseline



WATER

Hilton is committed to reducing our water use intensity in our managed operations by 50% by 2030.



WASTE

Hilton is committed to reducing our waste intensity in our managed operations by 50% by 2030.

		2022	2021	2020	2019	2008 BASELINE
Water Consumption Megaliters	Managed	13,766	12,287	9,672	14,026	10,335
	Franchised	25,196	22,435	16,788	23,327	16,988
	Total	38,962	34,722	26,460	37,353	27,323
Water Consumption Intensity Liters/m²	Managed	485	447	388	586	754
	Franchised	465	431	394	583	767
	Total	472	436	392	585	762
Water Withdrawal Megaliters	Managed	55,065	49,147	38,687	56,103	41,342
	Franchised	100,784	89,740	67,154	93,309	67,951
	Total	155,849	138,887	105,841	149,412	109,293
Water Withdrawal Intensity Liters/m²	Managed	1,942	1,787	1,551	2,346	3,018
	Franchised	1,860	1,724	1,578	2,333	3,068
	Total	1,888	1,756	1,568	2,338	3,049
Total Waste Generated MT	Managed	143,678	114,226	96,609	192,230	159,537
	Franchised	271,114	239,453	212,321	332,103	264,321
	Total	414,792	353,679	308,929	524,334	423,858
Total Waste Intensity MT/m²	Managed	0.0051	0.0042	0.0039	0.0080	0.0112
	Franchised	0.0050	0.0046	0.0050	0.0083	0.0119
	Total	0.0050	0.0044	0.0046	0.0082	0.0117
Landfilled Waste Generated MT	Managed	92,429	77,659	63,815	125,289	133,852
	Franchised	249,702	217,948	188,956	281,772	221,765
	Total	342,131	295,607	252,772	407,061	355,617
Landfilled Waste Intensity MT/m²	Managed	0.0033	0.0028	0.0026	0.0052	0.0094
	Franchised	0.0046	0.0042	0.0044	0.0070	0.0100
	Total	0.0041	0.0037	0.0037	0.0064	0.0098
Waste Diverted from Landfill MT	Managed	51,249	36,566	32,794	66,941	25,686
	Franchised	21,412	21,505	23,364	50,332	42,556
	Total	72,661	58,072	56,158	117,273	68,242
Waste Diversion Intensity MT/m²	Managed	0.00181	0.0013	0.0013	0.0028	0.0018
	Franchised	0.0004	0.0004	0.0005	0.0013	0.0019
	Total	0.0009	0.0007	0.0008	0.0018	0.0019