

**A STUDY OF THE INTERNATIONALISATION
STRATEGIES OF THREE HOTEL COMPANIES, WITH A
PARTICULAR FOCUS ON HUMAN RESOURCE
MANAGEMENT**

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ABSTRACT

The continuing rapid growth of the international hotel industry means there is a need for research to examine how hotel companies approach the internationalisation process. This thesis therefore develops a case study and interview-based analysis of three multinational companies (MNCs) who have sought varying degrees of global presence, and examines in particular the way they have managed human resources in the process of internationalising. It reports evidence from over 70 semi-structured interviews with corporate and unit level managers conducted in Austria, France, Great Britain, Poland, Sweden and the USA.

The theoretical framework for this study is provided by three interrelated literature strands: the general processes of internationalisation; international human resource management; and the sectoral and industry context. These literature strands allow for an analysis of the dominant orientation adopted to internationalisation by the case study organisations, as based on Perlmutter's centricity profile. Furthermore there is an analysis of other factors which affect the behaviour of the MNC, most notably its country-of-origin and country-of-operation.

The main findings from this thesis suggest the benefits of standardisation of the physical product remain an integral part of the internationalisation strategies of hotel MNCs; though there is also evidence of two of the companies drawing on obvious national signifiers to infuse their physical product with elements of 'Frenchness' and 'Swedishness'. In relation to human resource management (HRM), despite differing orientations in terms of the extent to which the case study companies are seeking a more global orientation, the evidence points to a high degree of similarity in many of the HRM practices utilised by the organisations, particularly those in support of a high quality approach to service. Nevertheless, this partial convergence is also offset by continuing diversity in the extent to which employees fully internalise the HRM practices transferred by the case study organisations.

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Introduction

The focus of this thesis is an examination of the internationalisation strategies of three hotel groups. Specifically, the thesis explores the interplay between multinational companies (MNCs)¹, host countries and human resource management (HRM) practices, reflecting the view of Warner (1996: 189) that ‘Across the world, HRM has spread its wings and its international pretensions have expanded as so-called globalisation has gathered pace’. Alongside the major changes engendered by the increased internationalisation of the world economy, has been the continuing growth of the service society (Macdonald and Sirianni, 1996). A consequence of this shift to a service society is that, for the majority of people in contemporary developed market economies, experiences of work are derived from jobs in a service sector setting. Within the wider service sector it is increasingly argued that travel and tourism is one of the most important industry’s in economic and employment terms (WTTC, 1998). Yet, despite this growth in the service sector, there remains a relative lack of sustained empirical research examining the internationalisation strategies of both international service companies, and specifically within the travel and tourism industry, international hotel groups (Doherty, 1998). Indeed, this lack of research is particularly apparent in relation to the way in which international service organisations manage their human resources across national boundaries (Ferner, 1994).

To address this lack of work the present thesis reports on over 70 semi-structured interviews with a variety of corporate and unit level managers in three international hotel groups. The views of these key industry players are located within wider debates about internationalisation and the increasingly important role played by MNCs. The theoretical framework for this piece of work is, therefore, provided by a review of three interrelated strands of literature.

¹ The standard nomenclature of the international organisation, that is multinational, is used cautiously here and throughout the thesis due to extensive debate on the nature of what connotes a multinational organisation. Increasingly, it is argued that competing perspectives on international organisations render the generic term multinational problematic (see for example, Bartlett and Ghoshal (1989); Clifton, Gannon and Johnson (1995); Edwards, Armstrong, Marginson and Purcell (1996); Hu (1992) and Chapter 1 of this thesis).

The first of these is the work on the general processes of internationalisation and emergent work on differing orientations of organisations as provided by Bartlett and Ghoshal (1989) and, in particular, Perlmutter (1969). The typologies developed by these authors provide the framework for a detailed discussion of how MNCs co-ordinate and integrate a number of geographically dispersed units; and the role of the expatriate manager within this process of co-ordination and integration. This discussion is located within the emergent literature on international human resource management (IHRM), which denotes the second key area of literature. This literature also identifies a number of other variables - such as country-of-origin of the MNC and the country-of-operation - which have a significant impact on the corporate culture and human resource strategies of the MNC. A further area of the IHRM literature that is explored is the extent to which organisational human resource practices across the globe are becoming similar or remain distinctive and this issue of convergence and divergence surfaces throughout the thesis. The third and final literature strand is that which describes the sectoral and industry context in which this study is located, that is, the service sector and the international hotel industry. Hence, the thesis attempts to synthesise the issues that emerge from these literature strands to develop a macro level perspective which allows for a broad review of the internationalisation strategies of the case study organisations, and particularly their predominant orientation to internationalisation. Furthermore, at the micro level, the thesis also examines specific HRM practices at the organisational level and particularly how organisations seek to manage the service encounter, that is, the interaction between employees and customers in a service organisation.

CONTEXT OF THE STUDY

Why is this study important?

A recent report by the Economist Intelligence Unit (Mather and Todd, 1995) outlined the continuing rapid growth of the international hotel industry, particularly in areas where it is traditionally (and relatively) underrepresented. Although the majority of hotels are concentrated in just two regional areas - Europe and North America, increasingly, a number of international hotel chains also have a presence in most other parts of the world, such as: Asia Pacific, Africa, the Caribbean, Central and South America, and the Middle East. For example, the World Tourism Organisation (WTO) estimated that in 1993 there were around 11.5 million hotel rooms in the world, up from 7.9 million in 1981. The majority of these hotel rooms were concentrated in developed regions such as Europe, which had 44.7 per cent of hotel rooms, and North America (with a predominance of hotels in the United States) with 38.5 per cent. Equally noteworthy though was the burgeoning growth of the Asia Pacific region, with a figure of 11.3 per cent (Go and Pine, 1995). Mather and Todd (1995) suggest that growth in the international hotel sector will continue for the foreseeable future for two reasons. First, expanding economies throughout the world, especially in the service sector, stimulates domestic and international travel for business and leisure purposes; and second (and as a corollary) the travel and tourism industry seems set for continuing growth.

Despite this growth in the global hotel industry there remains a relative lack of sustained and wide-ranging empirical analysis of the internationalisation strategies of hotel companies. This lack of analysis is in relation to their product development. Moreover, and importantly for this thesis, the lack of analysis also extends to the way in which international hotel companies manage their increasingly spatially diffuse employees. For example, Guerrier and Lockwood (1990: 159) have suggested that within the hospitality industry 'No substantial work has been done regarding the

companies or careers that cross international boundaries or concerning staff at the senior management level'. They further note:

While we may know a lot about domestic hotel operations, especially in the UK and the USA, there is still a distinct lack of information about other sectors of the industry and we have not found any studies which make comparisons across national boundaries (ibid.: 162)

Though they recognise the potential difficulties, both practically and methodologically, of conducting such research, Guerrier and Lockwood do see major benefits in relation to increasing our understanding of the international hotel industry and the human resource strategies developed by hotel MNCs. This thesis seeks to follow that agenda by examining how three companies have established their international presence, particularly in respect of examining how they have managed human resources in the process.

To fully understand how this focus emerged it is worth briefly describing the context in which the initial aims and objectives of the research were developed. At the time of the inception of the research I was employed as a research assistant in a research centre that was developing a comparative analysis of work organisation in the manufacturing sector. My job was to further this analysis with work to be undertaken in the service sector and specifically the international hotel sector². The initial aim of the research was, then, to test empirically the view that there were more possibilities of diffusion of patterns of work organisation across national boundaries in services as compared to manufacturing.

The comparative element contained within this aim was clearly more concerned with a sectoral comparison and reflected the context in which the research was developed. To further elaborate on this aim two further objectives were generated which better

² For a more detailed discussion of the way this situation shaped the research see the discussion of

reflected a more explicit organisational focus and a clearer cross-national comparison. These objectives provide the key issues which are discussed in this thesis and are:

- to identify and assess how far nationally specific institutional processes can contribute to the distinctive character of management style, training and work organisation in a time of greater globalisation and standardisation; and
- to identify and assess corporate and local strategies relevant to the recruitment, retention and training of managerial and other staff and how far such skills are company specific or transferable.

Consequently a number of key issues are suggested by these objectives, including: the effects of increased internationalisation and globalisation; transfer of corporate culture and management style by MNCs; recruitment and training of international managers; and effects on HRM, work organisation and the service encounter at the unit level. All of these are integral aspects of the thesis and this can be appreciated in briefly discussing the theoretical framework for this thesis.

Theoretical framework of the study

Whilst the focus on the service sector, and specifically international hotel companies, in itself allows for originality, in that this is an under-researched and relatively under-theorised area, there is a wider literature on: internationalisation; IHRM; and the sectoral and industry context. These literature strands provide the broader theoretical framework to be used in this study and will be briefly introduced here.

Brewster (1995: 206) is one among many writers to describe the effect of increased internationalisation of the world economy, 'Across the world there is increasing extension of trade blocks, increasing development of internationally operating MNCs and increasing internationalisation of business'. Consequently many companies now

see transfrontier operations as a logical and increasingly unavoidable step in developing their competitive potential. For example, in the hotel industry Go and Pine (1995) suggest that weak growth opportunities in the 'slow growth' industrial economies is 'pushing' firms to internationalise and that concurrently organisations within the industrialised nations are being 'pulled' by rapidly expanding markets in places like the Far East, Middle East and Eastern Europe³. A consequence of these 'push' and 'pull' factors is that many MNCs face the increased likelihood of operating in a range of diverse and potentially disparate environments.

Clearly then, a key role is ascribed to MNCs within this process of internationalisation and particularly the extent to which they seek to transfer their product, technology, corporate culture, management styles and organisational and management policies and practices, from parent to host countries. Therefore the thesis will focus on the important notion of transferability and address the extent to which MNCs act as key actors in the possible erosion of national systems and the creation of convergence, based on notions of 'best practice'. It will also examine the agencies and mechanisms of transmission of models of good practice, and in particular the role played by managers as actors and carriers of organisational culture, knowledge and philosophy. This discussion of transferability will then turn to focus on the way organisations are attempting to disseminate corporate culture and concomitantly create an 'idealised' cadre of 'international managers' to manage across the globe, examining the potential limitations of such an approach (Gliatis and Guerrier, 1994; Scullion, 1992).

A mechanism for assessing the way MNCs view their corporate culture and their utilisation of managers is provided by Perlmutter (1969) who argues that the attitude

³ Although Alexander and Lockwood (1996) feel that the 'push' and 'pull' argument may at times be overstated in the hotel sector. This is especially so in relation to the 'push' factor, where this argument is somewhat weaker in most regions of the developed world, other than the US. Therefore while it is a plausible argument in the US where around 60 per cent of hotels are corporately owned - thus leading to saturation - in the UK the figure is around 20 per cent and in Europe it is even lower, so there is still a lot of room for growth potential in these areas. Nonetheless, they do recognise the 'pull' argument is stronger, particularly within the context of technological advances made in travel. Thus as travel for business and pleasure has developed hotel chains have followed tourists and executives across the world.

of top management is particularly important in the development of an MNC. His typology distinguishes three different attitudes: ethnocentric (home-country oriented), polycentric (host-country oriented) and geocentric (world/globally oriented), a fourth attitude, regiocentric (regionally oriented) was later added by Perlmutter (with Heenan) in 1979. These orientations will influence the approach that multinationals adopt to internationalisation, particularly in relation to HRM. Consequently Perlmutter's typology has become synonymous with attempting to understand the human resource strategies of international organisations (Harzing, 1995; Hendry, 1994), as the approach by MNCs is likely to flow from the headquarters orientation, espoused policies and way the firm arranges its movement of managers. This thesis will use Perlmutter's work as the basis for analysing the overall orientation adopted by the case study organisations. Nonetheless, it will be equally mindful of the limitations of this typology (see for example, Mayrhofer and Brewster, 1996). Resultantly, Perlmutter's typology will be used as an initial starting point with complexity to be added with other layers of analysis, such as the key issues engendered by some of the more searching IHRM literature, to which attention now turns.

Jain, Lawler and Morishima (1998) in a recent special edition of *The International Journal of Human Resource Management* identified a key theme for IHRM scholars, namely the impact on host countries of MNCs transference of their practices and policies⁴. As a consequence of this discussion they identify a central question that faces the MNC (ibid.: 557):

...does the MNC utilise practices only from its home country, does it imitate practices typical of other countries or does it utilise an amalgam of HRM practices drawn from many other companies and countries

⁴ A feature of this special issue on transferability is the disproportionate work based on manufacturing MNCs. Indeed, even though there is some research reported on service organisations most of this is in financial services, there is no work based on the tourism sector.

(as might be the case if the MNC is concerned with utilising international 'best practices')?

To address some of these issues it is worth briefly noting the work of Schuler, Dowling and Di Cieri (1993) and Ferner (1994; 1997) who are at the forefront of developing the more searching IHRM literature. Schuler *et al.* have developed an overarching framework that outlines a number of factors that will affect IHRM and the approach of MNCs. These factors are characterised broadly as exogenous and endogenous, with the former being factors outside the MNC that will affect their HRM policies, such as industry characteristics and country/regional characteristics. Endogenous factors are those within the MNC and include issues such as: headquarters orientation, co-ordination and control of units and inter-unit linkages. Further issues suggested by Schuler *et al.* as having an impact on MNCs human resource policies include: industry maturity, organisational history, national industrial policy and the extent of unionisation in any given country. It is the interplay between these various elements that informs and guides Schuler *et al.*'s attempts to develop a framework for understanding MNCs approaches to managing human resources, and in particular the way they seek to co-ordinate and integrate units throughout the world.

Whilst the work of Schuler *et al.* clearly addresses the issue of co-ordination and control it is less developed on the wider question of some of the other variables that will impact on the choices MNCs make in managing dispersed units. Consequently the thesis uses the work of Ferner (1994; 1997) which is particularly useful for examining the impact of these other variables. From this work several key factors are identified as being central to assessing MNCs approaches to managing human resources, these being:

- Country-of-origin.
- Country-of-operation.
- Structure and strategy

- Size of the MNC.
- Stage of internationalisation.
- Mode of expansion.

Of particular importance to this thesis are the notions of country-of-origin and country-of-operation. Within the thesis these two headings are foregrounded to allow for an analysis of the extent to which MNCs conform to and manage via the conventional practices of the host country, or equally whether they attempt to import distinctive practices from the parent country. This analysis of the way that the case study organisations manage the balance between home and host countries is further clouded by the extent to which organisations may draw upon practices of a third country or region, which reflects the possibility of MNCs practices converging around notions of best practice approaches to HRM. There may, then, be several sources of what is considered best practice and as well as countries or regions, it is increasingly recognised that sectoral pressures may encourage adoption of best practice approaches.

Consequently the final literature strand which the thesis draws upon is that concerned with the sectoral and industry context. In relation to the former the thesis reviews the literature on the nature of the service sector and the uniqueness often ascribed to services. Regan's (1963) seminal description of the defining features of service, that is, intangibility, perishability and heterogeneity, is used as the basis for a discussion of some of the organisational and managerial issues which service companies must address. In particular, there is a concern to review the approaches adopted by service organisations to the question of HRM strategies, work organisation and the management of the service encounter. Within services the approaches adopted by organisations are conceptualised as being different from those used by manufacturing sector organisations and worthy of detailed analysis due to their uniqueness (Allen and du Gay, 1994). The burgeoning literature on the management of the service encounter (Armistead, 1994; Czepiel, 1990; Mattsson, 1994) offers a framework to

understand the approaches utilised by organisations to control the labour process and the interaction between customer and employee. Thus this work discusses organisational responses to the quality challenge in services, which can be understood and critically analysed by examination of a range of HRM strategies, such as the use of multi-skilling and the empowering of front line staff (Lashley, 1997).

The above noted challenges faced by service organisations are further analysed by an examination of the way in which companies address some of these issues as they internationalise. To do this Lovelock and Yip's (1996) work on the globalisation of service firms provides the context to develop this discussion. Key issues that emerge from this include: the notion of 'hardware' (that is the physical product, such as the hotel room and restaurant within the hotel); the 'software' (which is broadly concerned with human resource issues, including how organisations manage the service encounter); and the extent to which international service firms may seek to standardise or differentiate the hardware and software aspects of their overall product. The final element of the sector and industry literature strand is concerned with a description and analysis of the international hotel industry and this review identifies the so-called American model of hotel internationalisation. This model, and its attendant impact on organisational strategies, provides the framework to describe some of the emergent work on how multinational hotel companies approach internationalisation and the role of HRM in this process. Thus there will be a review of the limited research which has emerged to date on HRM within international hotels. This allows for an industry specific discussion of issues such as: the centric profile of international hotel groups; the role of the international manager; and the possibilities of convergence due to a burgeoning best practice approach to HRM in the corporate hotel sector.

The organisation of the thesis

Although much of the foregoing discussion clearly indicates the structure of this thesis, this section will briefly reiterate how this work is organised. Chapter 1

consists of a review of internationalisation and particularly the key work of Bartlett and Ghoshal (1989) and Perlmutter (1969). These authors provide typologies that allow for researchers to discern a dominant approach to internationalisation adopted by MNCs. Within this discussion there is a recognition of some of the weaknesses of these typologies, most obviously the use of ideal types to describe complex organisational forms. Furthermore a key sub-theme from this work is the identification of Bartlett and Ghoshal's 'transnational solution' and Perlmutter's geocentric 'ideal'. These models are often suggested as being the most developed form to which the multinational enterprise can aspire (see for example, Caligiuri and Stroh, 1995) and this is an issue further reviewed in the findings' chapters in this thesis. Chapter 2 seeks to further develop some of the initial discussion engendered by Bartlett and Ghoshal and Perlmutter by adding greater detail on how MNCs seek to co-ordinate, integrate and control their spatially diffuse units. This discussion is located within the IHRM literature and is particularly concerned with the role of the international manager as a possible 'enforcer of corporate policies' (Ferner and Edwards, 1995: 237). The chapter also seeks to broaden the discussion of issues which impact on MNCs approaches to managing their human resources by identifying and discussing a range of other variables, as suggested by Ferner (1994; 1997).

The third chapter of the thesis outlines the key aspects of the service sector. In engaging with the debate concerned with the nature of the service sector the chapter seeks to describe the defining features of services and the impact this is likely to have on organisations HRM strategies. This discussion forms the context for a review of service firms internationalisation strategies. Many of the issues that arise from this review of service sector internationalisation are then further developed in Chapter 4. This chapter offers a historical review of the development of hotel internationalisation and particularly the key role ascribed to American organisations. These considerations form the backdrop for a review of a number of contemporary developments that have meant some significant changes in the international hotel sector. Chief among these developments is the greater concern with HRM issues and

to understand this the chapter reviews the relatively small body of work which has emerged in relation to the internationalisation of HRM practices in the hotel sector. Chapter 5 is concerned with methodological issues and seeks to demonstrate that the approaches adopted for the collection of primary data were congruent with themes emerging from the aims and objectives of this research. Specifically, it describes the overall philosophical orientation of the research, before moving on to a detailed exposition of issues concerned with: the utility of case studies as a research tool; methods of data collection and particularly the use of semi-structured interviews; data analysis and the role of quasi-grounded theory; and finally issues of validity and reliability.

Chapters 6 to 8 set out the principal findings of the study. The empirical data generated by the research is discussed within a range of headings that emerge from the literature reviewed in Chapters 1 to 4 (and see Table 4.3). The concluding chapter reviews the evidence gathered during the course of this study and seeks to draw some conclusions about the nature of the globalisation of the hotel industry and the impact this has on MNCs approaches to managing their human resources. This chapter also considers the limitations of this study, and suggests ways in which further light could be shed on the impact of continuing internationalisation within the hotel sector.

In sum, then, this thesis is primarily concerned with an examination of how three hotel MNCs diffused their corporate culture (conceptualised as containing elements of both hardware and software) and the way this process of diffusion is played out in a variety of host country settings. Relatedly the key issues which emerge from this include: co-ordination and integration of units and the role of the international manager; how the companies attempted the international acculturation of managerial employees; why, and in what ways, this process of acculturation varied between MNCs due to differing orientations; the impact of the MNCs country-of-origin; the extent to which there may well be reciprocal influences of the country-of-operations national business cultures and institutions on MNCs behaviour; HRM practices,

work organisation and the service encounter; and, finally, the impact of how notions of 'best practice' and attempts to follow global competitive pressures may be leading to greater convergence in hotel MNCs approaches to their management of human resources.

CHAPTER 1 THE SEARCH FOR THE 'TRANSNATIONAL SOLUTION' AND THE GEOCENTRIC 'IDEAL'

1. Introduction

Thompson, Nickson, Jones and Wallace (1998) in a recent review of internationalisation and integration in manufacturing and service firms suggest that research on the approaches of multinational companies (MNCs) to the way they manage human resource in a 'global' sense is best understood in terms of three interrelated issues, namely: the general characteristics of internationalisation; second, the factors and mechanisms which are significant in co-ordinating and integrating corporate activities; and finally, the consequences of such processes in terms of convergence or divergence of organisational forms and practices. Within this chapter, the first two of these issues will be addressed by outlining in brief detail some of the general characteristics of internationalisation of the world economy and the rise of the MNCs. Following this, an examination will be made of how MNCs strategies for co-ordinating and integrating corporate activities are shaped by their dominant orientation to internationalisation. This will be assessed using the influential typologies provided by Bartlett and Ghoshal (1989) and Perlmutter (1969), and the focus of the discussion will be cognisant of the need to fully articulate the nature of the 'transnational solution' and the geocentric 'ideal', which are often described as the most advanced forms of the international organisation. Furthermore, the work of these authors also provides the contextual framework for a more detailed analysis of international human resource management, which will follow in the next chapter. The third and final issue, of the impact of convergence and divergence of organisational forms and practices, will be further discussed in Chapters 2-4.

2. Characteristics of internationalisation

As Thompson *et al.* (1998: 387) note 'There has been considerable debate about the characteristics of the contemporary dual processes of internationalisation of the political economy and the firm'. Though the internationalisation of the political economy is important, it is the firm which is the focus of this thesis. In order that we can fully appreciate the increasing importance of MNCs, it is worth briefly outlining the emergence and the rise to pre-eminence of this type of organisation in the post-war period. This will be contextualised within a very brief review of wider debates about the possible shift to a truly globalised economy.

2.1 Eras of internationalisation

The rise of the multinational enterprise in the hotel sector is a wholly post-war phenomenon (Nickson, 1998), and in the general business arena this was largely the same. Although Whitley (1994) notes that foreign direct investment (FDI) and foreign operations were not unknown as early as 1837, and that Siemens established subsidiaries in Russia in 1847 and England in 1858, the firm as an economic actor was still predominately national up to the Second World War. Indeed, Bartlett and Ghoshal (1989) have noted this in their identification of different eras of internationalisation, so the multi-domestic era (1920-50) saw the dominance of national firms. The period from 1950-80 Bartlett and Ghoshal characterise as the international and global era, although arguably this is something of a misnomer in that, although the notion of an international and global era suggests a high level of international activity by firms from many nations, in reality this period was characterised by the dominance of American MNCs reflecting the hegemonic economic position of the United States (Dunning, 1994; Harzing, 1995; Whitley, 1994)¹. Nonetheless in the 1960s and 1970s there was a growth in the numbers

¹ Despite the relative decline of America as the absolutely dominant economic hegemon, Hirst and Thompson

of both Japanese and European MNCs (De Nijs, 1995) and indeed in the period from 1970-1990 the number of MNCs increased four-fold², although 90 per cent of foreign direct investment is still sourced to ten developed countries, with two-thirds originating in just four countries - the USA, UK, Japan and Germany (Waters, 1995: 77).

The final (and current) era of internationalisation identified by Bartlett and Ghoshal (1989) is the transnational era and they suggest this dates from 1980. In this era companies are increasingly struggling with three different and opposing demands: national responsiveness, global efficiency, and world-wide innovation facilitated by the transfer of knowledge. Consequently, international organisations are now attempting to address the complexities of creating what Bartlett and Ghoshal characterise as the 'coming solution' of the transnational company. The way the putative transnational company is conceptualised also means it is the exemplar and leitmotif of the newly 'globalised' world economy. There is much debate about the extent to which there is a truly globalised world economy and sceptics such as Hirst and Thompson (1996), Whitley (1994) and Warhurst, Nickson and Shaw (1998) suggest there is a need for a more nuanced reading of trends in the world economy and the need to disaggregate a highly internationalised world economy from a genuinely global system. A key aspect of debates about globalisation of the world economy is the role of the nascent transnational organisation, reflecting Hu's belief (1997: 1664) that 'The discourse of globalisation draws much of its strength from the imagery of "global" or "stateless" corporations'. Therefore the organisational form considered most representative of a genuinely globalised world economy would be the transnational corporation (TNC) (Hirst and Thompson, 1996). Importantly Hirst and

(1996: 14) still argue that 'The US...remains the largest national economy and the powerhouse of world demand...the dollar remains the medium of world trade. Thus, the US has more than residual elements of hegemony and no obvious political competitors, neither the EU or Japan is capable of taking over its world or wishing to do so'. Nevertheless there is now widespread agreement that China will be the world's largest economy by the year 2020 at the latest, with the World Bank suggesting that the US will be the second largest and Japan the third.

² Hirst and Thompson (1996) cite figures from the United Nations to suggest that by the early 1990s there were 37,000 MNCs controlling about 170,000 organisations. Similarly Ferner and Edwards (1995), drawing upon the United Nations Conference on Trade and Development (UNCTAD 1994), suggest that MNCs now employ around a fifth of workers outside agriculture in the developed countries, and the number of employees worldwide

Thompson also go on to offer some detail as to the way this new organisational form would be configured, such TNCs being ‘genuinely footloose capital, without specific national identification and with an internationalised management’ (ibid.: 12). The defining features, then, of these transnational organisations is their putatively ‘stateless’ approach and the creation of a cadre of ‘global’ managers who have no obvious national identification. The extent to which organisations (including the case study organisations in this thesis) may be aspiring to such a status is a key issue in understanding the internationalisation strategies of MNCs. Consequently it is important to examine the choices faced by MNCs in their co-ordination and integration of units across the world.

3. Co-ordination and integration in the MNC

Contiguous with their general discussion of eras of internationalisation Bartlett and Ghoshal also sought to develop a typology for understanding the nature of the international organisation. Together with Perlmutter’s (1969) seminal work on centricity and its effect on an MNC’s orientation, Bartlett and Ghoshal’s work is important in attempts to classify the strategy, structure and intent of MNCs, and in particular the way they view overseas units. The usefulness of these typologies lies in their examination of the way that MNCs have ostensibly evolved over time, and the extent to which they have achieved the sophisticated form of the ‘transnational solution’ (Bartlett and Ghoshal) or the geocentric ‘ideal’ (Perlmutter). Thus, Perlmutter and, to a lesser extent, Bartlett and Ghoshal, provide a framework in which to assess the extent to which the ‘transnational solution’ or the geocentric ‘ideal’ exist as anything more than simple rhetoric. Relatedly it also allows identification of key issues which face the MNC in terms of their attempts to co-ordinate and integrate units throughout the world and how this is likely to be contingent to some extent on how MNCs strategies may be located within Bartlett and Ghoshal’s and Perlmutter’s frameworks. In order to fully understand the utility of these

in MNCs is estimated at around 70 million, with around 20 million in foreign subsidiaries.

typologies, for assessing the case study organisations internationalisation strategies, they will now be discussed in some detail.

3.1 The search for the transnational

Bartlett and Ghoshal (1989) identify four different types of international firms. The first of these is the multidomestic or multinational firm which sees the importance of national responsiveness, such that products and services are differentiated to meet local demands. Consequently, multinationals seek to build a strong local presence in each country and 'have developed a strategic posture and organisational capability that allows them to be very sensitive and responsive to differences in national environments around the world' (ibid.: 14). Second, there is the global firm whereby the firm has a more centralised and global level approach to markets and attempts to develop standardised products. Thus, the global company is commonly associated with economies of scale and increasing market share through a standardised product or service, applicable across all nations. The third form is the international organisation, which has a more federal structure and which seeks to exploit parent company skills by developing and diffusing innovation on a world-wide basis, and is characterised by Bartlett and Ghoshal (1989: 15) as 'halfway between multinational and global. The core know-how is developed and centred in the country of origin, but is exported and adopted abroad'. The final, and most developed form, is the transnational, which requires the international organisation to abandon any strong, nationally-based management culture and values, as it seeks to be locally responsive and globally competitive at the same time. Hence, the transnational seeks contributions from each national team and instead of a centralised command structure, responsibility is devolved and co-ordination and integration is attained through co-operation, team work and shared values.

This somewhat amorphous sense of what the transnational represents is noted by Edwards *et al.* (1996: 42) who maintain that ‘The transnational solution is seen more as an approach or a frame of mind than as a clear structure’. In essence, then, the transnational involves a move from ‘a “hierarchical” structure based on authoritative rules to more of a “clan” organisation based on shared values and beliefs’ (Ferner and Edwards, 1995: 240). Moreover this also requires ‘a new managerial mentality’ (Bartlett and Ghoshal, 1989: 17), wherein co-ordination is achieved via ‘socialisation’ of managers due to the ‘careful recruitment, development and acculturation of key decision makers’ (*ibid.*: 163). Nonetheless these cultural flows may be difficult to manage across different national corporate cultures. Thus key decision makers are in a position to tackle the main issue facing the transnational, namely ‘the management of complexity, diversity and change’ (*ibid.*: 198).

The importance of this panacean ‘transnational solution’ lies in its symbolism and iconic place in the putative new globalised economy and the way it has been talked of in a particularly evangelical way by proponents of the new ‘stateless’ firm (see for example Ohmae, 1990; Reich, 1990, 1991b). Thus the transnational firm is a complex mix of national/corporate and global/local and is, in Scullion’s words (1992: 68), ‘a company with the ability to manage across national boundaries, retaining local flexibility while achieving global integration’. Table 1.1 overleaf distils the key features of transnationalism as outlined by Bartlett and Ghoshal and a number of other authors who have followed Barlett and Ghoshal’s lead in describing this new organisational form.

Table 1.1 - Key features of transnationalism

<p>Bartlett and Ghoshal (1989)</p> <p>Abandonment of any strong nationally based management culture.</p> <p>'A new managerial mentality' and the need to carefully recruit, develop and acculturate key decision makers who will manage the complexity, diversity and change which characterise the operation of the transnational.</p>
<p>Edwards <i>et al.</i> (1996)</p> <p>More of an approach or state of mind than a clear structure.</p>
<p>Ferner and Edwards (1995)</p> <p>Many centres and expertise and competitive advantage is seen as not stemming from one country alone.</p> <p>Integration achieved through normative control and cultural mechanisms such as corporate culture and management style.</p> <p>Move from a hierarchical structure to more of a clan organisation based on shared values and beliefs.</p>
<p>Scullion (1992)</p> <p>Complex mix of national/corporate and global/local and able to manage across national boundaries retaining local flexibility while achieving global integration.</p>

There is much debate about whether firms have achieved true transnationalism and become 'stateless' in the process. Hu (1992; 1997) has been at the forefront of those refuting the notion of the 'stateless' TNC and has developed a cogent critique which suggests there are no transnational or global enterprises, but rather national firms with international operations. This belief is based on several key measures of globalism, namely: geographical spread and scope; ownership and control; people in the organisation; legal nationality; and taxation. So for example, in relation to geographical spread and scope of operation, Hu argues that for a company to be considered global its operations should be evenly distributed amongst nations, and at the very least a higher proportion of its operations and interests should be outside its home country. Similarly on the question of people, Hu (1997: 1667) suggests that, 'For a global enterprise to have

“no country to which it owes more loyalty than any other” its management and workforce must be multinational’, whilst also going on to note how most international organisations are still largely reliant on home nationals for senior management and board level positions (see also Ferner, 1997, for the country of origin effect on human resource management and the extent to which international organisations are embedded in their national business system). Equally, in terms of taxation Hu (1992: 115) succinctly notes that ‘In legal terminology, there is no such thing as a multinational or global company’. This exemplifies the fact that organisations cannot have a legal existence in several nation-states as companies are formed under national law and acquire nationality, citizenship, or domicile of the home country whose law they are incorporated under. Therefore on the basis of these measurable criteria Hu is deeply sceptical of whether organisations can wholly transcend national boundaries to become ‘stateless’.

Equally there is much scepticism within the literature of the potential glibness of the notion of ‘think globally, act locally’ which is the oft-repeated mantra of putatively transnational companies:

On the one hand, our analysis of international HRM has shown that organisations operating internationally have to develop international HRM strategies that can, if necessary, be applied globally. We are perhaps at too early a stage in our understanding to attempt a definitive recollection of the two perspectives here - and trite and misleading aphorisms (‘think globally; act locally’) are of little value (Brewster, 1995: 224).

Jones, Nickson and Thompson (1998) in attempting to resolve this question adopt a more measured view in arguing that outrightly rejecting the possibility that companies have achieved (or ever can achieve) the status of a ‘transnational’ or can ever be ‘truly stateless’ does not negate the fact that the ethos and philosophy of transnationalism

arguably increasingly informs their activities and expectations. Similarly Edwards *et al.* (1996) suggest that 'globalism' is an active trend, although the routes to such 'globalism' are varied and uneven. As a corollary it is therefore incumbent on researchers to seek to test this empirically and make critical judgements as to how, in what ways and to what extent MNCs may be managing on a more global basis. Resultantly, this remains a key issue for the thesis and will be addressed in some detail in Chapters 6-8.

Having utilised Bartlett and Ghoshal's typology to frame the description of the nature of the transnational we can now assess the equally influential work of Perlmutter.

3.2 The search for geocentrism: Perlmutter's typology of internationalisation

Perlmutter's (1969) work attempts to delineate differing orientations adopted by multinational organisations with his starting point being that claims to multinationality should be based on more than simply generating sales overseas. Consequently Perlmutter outlines an ethnocentric approach which is home-country oriented, a polycentric approach which is host-country oriented and a geocentric approach which is world oriented (a further orientation of regiocentric, i.e. regionally oriented, was added in 1979 by Perlmutter and Heenan). In general, the ethnocentric strategy suggests that companies should maximise their parent company control to integrate subsidiaries, at the cost of local responsiveness. Resultantly the ethnocentrically-oriented MNC believes in the superiority of the way of doing things in the home country and this informs their strategies for staffing and managing overseas units. Therefore this approach implies centralised systems with authority high at headquarters with much communication in the form of orders, commands and advice. Managers of the home country of the parent company are, therefore, recruited, trained and developed for key positions anywhere in the world to ensure that the home country approach is easily transferred and that host country nationals fully understand the headquarters culture. The polycentric approach

allows for more local responsiveness and is premised on the view that the MNC should respond to prevailing local conditions where practicable. Hence, in this orientation local people know best and organisations thus seek to pursue an approach of localising operations as quickly as possible. Local staff are employed in core positions in the host country and enjoy high levels of autonomy and local opportunities for further promotion. The final orientation of geocentrism is, as Caligiuri and Stroh (1995: 497) note, 'When MNCs desire an integration of all of their foreign subsidiaries and the melding of a worldwide corporate culture'. Consequently organisations seek 'the best man (*sic*), regardless of nationality, to solve the problems anywhere in the world' (Perlmutter, 1969: 13). The geocentric approach envisages competitive advantage emanating from the organisation's ability to draw on a rich array of national and cultural perspectives, allowing for a global strategy which is also respectful of local circumstances - the notion of 'think global act local' writ large.

Which of these approaches an international organisation could be characterised by is dependent on attitudes inferred from 'the assumptions upon which key product, functional and geographical decisions were made' (*ibid.*: 11). Importantly though, Perlmutter feels that 'There is some degree of ethnocentricity, polycentricity or geocentricity in all firms' (*ibid.*: 11), and it is thus unlikely that any of these orientations are ever found in pure form. Nonetheless Perlmutter argues strongly that one predominant disposition can usually be discerned, with Paauwe and Dewe (1995: 84) suggesting that any dominant attitude or state of mind of the corporation is likely to be 'determined by the phase of internationalisation in which the company finds itself and by its history'. The implicit sense of an evolutionary approach to internationalisation is a clear and important theme of Perlmutter's work and equally clear is his recognition of the difficulties and complexity of attaining the most advanced form of the 'ideal' geocentric approach, such that 'The route to pervasive geocentric thinking is long and torturous' (1969: 16). Perlmutter's belief that this endeavour is, nevertheless, worthwhile is

exemplified by his evangelical support for the usefulness of a geocentric approach. Describing the executives who are attempting to develop a geocentric approach as 'the most important architects of the last third of the twentieth century', Perlmutter saw the development less in overtly business terms and more in relation to prevailing geopolitical conditions, such that 'The geocentric framework offers an institutional framework which could conceivably make war less likely, on the assumption that bombing customers, supplies and employees is in nobody's interest' (ibid.: 18). Nonetheless, the key point remains the belief that the most developed form for the MNC is the geocentric 'ideal' and this is something now routinely supported in much of the international business and management literature, as exemplified by Caligiuri and Stroh (1995: 495) who suggest that the geocentric strategy is:

...the 'ideal', as it attempts to balance both global integration and local responsiveness. In a hierarchy, the geocentric strategy would be the best because it incorporates both of the theoretical ideals. Polycentric and regiocentric strategies would be second because they satisfy the local responsiveness ideal (usually at the cost of global integration).

Ethnocentric strategies, focusing on headquarters control are neither globally integrated nor locally responsive (and see Chapter 2 of this thesis for further discussion of this issue).

A final aspect of Perlmutter's work which is worth noting is his somewhat prescient recognition of many of the environmental features which he believed would make a geocentric approach one to which MNCs would be more likely to aspire to as a necessity to remaining competitive. Thus Perlmutter envisaged the continuing growth of world markets, increased availability of management and technological know how in different countries, global competition and international customers, advances in telecommunications, and greater regional political and economic integration, as all pushing

MNCs down the road to geocentricity. Indeed, in a more contemporary vein Ferner and Edwards (1995) also note the growth of a number of factors which are likely to reinforce the tendency to 'globalisation' of MNCs, these include: the opening of new markets leading to greater global competition; convergence of international consumer tastes; internationalisation of new 'productive' sectors, especially services; and the regionalisation of markets. Thus they believe that these conditions, 'have given rise to a corporate form in which production and marketing of products or services are much more integrated across borders as companies search for international "synergies"' (ibid.: 234). Certainly such a corporate form could be considered as representative of what Perlmutter calls geocentrism.

3.3 Review and critique of Bartlett and Ghoshal and Perlmutter's typologies

There is much debate as to the utility of the two typologies for assessing the approaches adopted by MNCs. For example, Edwards *et al.* (1996) acknowledge the influential role of Perlmutter's typology but suggest that it is difficult to apply empirically and also that it is overly reliant on fairly arbitrary judgements as to what is ethnocentric, polycentric or geocentric. Consequently they assert, somewhat tendentiously, that Bartlett and Ghoshal's model is 'undoubtedly the most influential of its type' and better captures 'the essence of the four types of MNC' (1996: 40) allowing greater scope in attempts to address the specific issues of whether there is a 'supposed evolution of the firm from being nationally-specific, through stages variously labelled multinational and polycentric, to the true transnational' (ibid.: 41).

As a result Edwards *et al.* have developed a series of measures which they claim moves beyond the more arbitrary and nebulous notions suggested by Perlmutter's typology. To assess these measures Edwards *et al.* distil the work of Bartlett and Ghoshal into two different approaches - what they term nationally-oriented and globally-oriented, i.e. the

transnational approach - which are likely to be adopted by organisations (although they also note that global and national focus can co-exist, but that certain orientations can be seen as a tendency to suggest a more dominant focus). To assess these approaches the work of Edwards *et al.* does not just rely on managerial belief but more concrete structural and organisational arrangements and institutions such as 'are data collected by head offices, how often are there meetings between managers across the globe, and is there a development for training and development of managers engaged in international operations?' (1996: 52). Accordingly, they have developed a range of questions to empirically test this notion (and see Appendix Two for further details of these questions).

On the basis of their measures, Edwards *et al.* found limited evidence of truly 'global' or transnational firms³, and that 'in relation to the nature of the MNC, the multinational emerges as a more complex and variegated species than it has often been portrayed' (1996: 61). Thus, as has already been suggested, firms are unlikely to fit into the ideal type of either being wholly nationally or globally oriented. Furthermore as a consequence of their evidence Edwards *et al.* also suggest that the assumption that typologies used in management textbooks have direct counterparts in the real world is mistaken, and attempts to place organisations in predefined boxes are too limiting. Clearly, then, this illustrates an obvious caveat in the use of either of the typologies in the sense that they can only be considered as 'ideal type' constructs by which to judge the orientations and strategies of international organisations.

Nonetheless Harzing (1995) is representative of much of the international human resource management literature which suggests that, despite its high level of generality and outlining of ideal types, Perlmutter's typology remains a useful device for characterising

³ The areas in which Edwards *et al.* discerned a global orientation were: giving board members responsibility for business functions, computerised communications, turning profits over to global headquarters and in the movement of managers globally.

the approach adopted by MNCs not only to human resource management, but also finance and accounting, marketing and production. Similarly Mayrhofer and Brewster (1996) offer a persuasive argument to resolve some of the difficulties in employing Perlmutter's typology with a spirited and cogent defence of its utility. Having first recognised that Perlmutter's typology has become a virtual synonym of analytical approaches to understanding internationalisation *per se* and also, more significantly, international human resource management they then talk in venerable terms of Perlmutter's role as the originator and 'father' of international human resource management. Consequently, in discussing the enduring appeal to international organisations of an ethnocentric approach, Mayrhofer and Brewster (1996: 751) declare that 'We have used Perlmutter's categorisation in this article because of its seminal effect, its widespread acceptance, and its focus on our topic of interest: international human resource management'. Importantly, and *pace* Bartlett and Ghoshal, they also go on to argue that:

Other categorisations of the growth of international organisations (for example the powerful model proposed by Bartlett and Ghoshal (1989) of multidomestic, international, global, and transnational or the Adler and Ghadar (1990), model which uses the same terms but applies them to somewhat different phases) *are not focused on international HRM* (1996: 751, emphasis added).

However, as suggested by Edwards *et al.* (1996), Mayrhofer and Brewster also recognise the limitations of Perlmutter's work notably its inability to describe all of the considerable complexity within the MNC and its affiliates and also the tendency for it to be used solely for explaining the use of expatriates. A number of writers argue that there is a tendency for international human resource management to be synonymous with the expatriation issue - i.e. the selection, training and management of expatriates - and this

tends to generate overly prescriptive views on the transfer of managers to develop strategy and fails to address wider issues on the context in which organisations make their choices in terms of their orientation and strategies for managing a variety of units throughout the world (Ferner, 1994; Schuler *et al.* 1993).

There is a need, therefore, to be cognisant of both the limitations of Perlmutter's typology and the general international human resource management literature which has a tendency to be overly managerialist, prescriptive and practitioner focused⁴. Nonetheless it is argued that for a study of this nature, which is wholly reliant on qualitative research and the perceptions of a range of managerial staff, that Perlmutter's work remains a suitable analytical tool. This is particularly so if greater theoretical complexity is to be added with the utilisation of some of the more searching and critical international human resource management literature. Therefore, the contention is that Perlmutter's typology is the most apposite for the analytical purposes of this thesis, and that the work of Bartlett and Ghoshal is useful, particularly in its identification of the 'transnational solution', but more reliant on examining 'harder' structural issues and arguably requiring a more systematic and quantitatively based research approach as suggested by the work of Edwards *et al.* (1996). Nevertheless the characterisation of the 'stateless' and 'globally'-oriented transnational does bear some resemblance to the geocentric approach, a point recognised by Edwards *et al.* (1996) and Ferner (1994). This point is also made by Harzing (1995) who erroneously suggests that a straightforward fit, of the other classificatory elements, can be made between the two typologies, such that Bartlett and Ghoshal's global organisations are equated to an ethnocentric approach and multidomestic organisations to a polycentric approach. If the criterion is to be a qualitative judgement of the 'state of mind' of the MNC and the attitudes and beliefs of its managers, then talk of the 'new managerial mentality' clearly has some resonance with the notion of

⁴ For example Florkowski and Schuler (1994: 827) assertion that 'The globalisation of business is making it increasingly important to understand how multinational enterprises can operate more effectively', illustrates the rationale for much of the international human resource management literature (see also Schuler *et al.*, 1993: 718).

geocentrism. However it is highly questionable if the other elements of Bartlett and Ghoshal's typology bear such a straightforward linkage to Perlmutter's work. A further usefulness of Perlmutter's typology is the way it facilitates the examination of several of the key elements of what Thompson *et al.* (1998) call the 'focus of integration' utilised by international organisations; most obviously and fruitfully for this thesis, corporate culture and the role of the international manager.

As has already been noted, the issue which lies at the heart of this thesis is the transmission of organisational culture and practices by MNCs and the key role played by managers, and in the first instance this will be assessed utilising Perlmutter's work, before we begin to add greater complexity by drawing on some of the more searching international human resource management literature. In this way we can begin to address the global/local dialectic inherent in the MNCs management of people and exemplified by Laurent's (1986: 97) oft-quoted observation that:

In order to build, maintain, and develop their corporate identify multinational organisations need to strive for consistency in their ways of managing people on a world-wide basis. Yet in order to be effective locally, they also need to adapt those ways to the specific cultural requirements of different societies. While the global nature of the business may call for increased consistency, the variety of cultural environments may be calling for differentiation.

To further address these issues, attention will turn in the next chapter to the international human resource management literature.

4. Conclusions

This chapter has outlined the key typologies of Bartlett and Ghoshal (1989) and Perlmutter (1969) and has particularly focused on the notions of transnationalism and geocentrism which are portrayed as the most developed form to which international organisations can aspire. The defining features of these ideals include: the extent to which the firm sees itself as having no specific national identity, i.e. being putatively 'stateless'; the achievement of global integration and local flexibility; the frequency of movement for international managers, and particularly whether the organisation is attempting to create a cadre of 'global' managers; the need for extensive training and development for such a group of managers; the creation of a 'new managerial mentality' via careful recruitment, development, socialisation and acculturation of managers; and increased use of normative controls, e.g. corporate culture, to integrate the spatially dispersed organisation. By utilising Perlmutter's centricity typology there will be an attempt in this thesis to identify and examine the case study organisations centric profile - as evidenced by things like the mind set, attitudes and beliefs of key senior managers. This also allows for a discussion of whether the organisations are indeed in the process of an evolutionary shift to the sophisticated form of the transnational or geocentric configuration and the implications this has for their management of human resources.

Consequently, this chapter suggested that Perlmutter's work, in particular, remains an appropriate analytical device for examining the orientation of the case study organisations and their use of corporate culture and managers in pursuing their internationalisation strategies. Other aspects which impact on the organisations centric profile, and their ability to operationalise espoused orientations, include elements such as the origin of the firm, the size of the firm and the length of time the firm has been operating are located more in the literature on international human resource management and this will be discussed in the following chapter. Thus we can now begin to add some further detail to

the debate generated by the work of Bartlett and Ghoshal and Perlmutter by examining in more detail the concept of international human resource management.

CHAPTER 2 INTERNATIONAL HUMAN RESOURCE MANAGEMENT

1. Introduction

This chapter will firstly define international human resource management before going on to examine the work of several key authors such as Ferner (1994; 1997) and Schuler *et al.* (1993). The work of these authors delineates a range of issues both within and outside MNCs that will affect their internationalisation strategies. Specifically, the chapter seeks to build on the previous chapter by adding greater detail to the notion of how MNCs seek to co-ordinate and integrate their units, whilst also examining evidence as to whether, in internationalising, MNCs are seeking to become transnational or geocentric. In reviewing the issue of how MNCs co-ordinate and integrate their units, the chapter discusses the choices which organisations face in relation to using home, host or third country nationals to manage their units. Furthermore there will be an analysis of numerous factors outside the MNC which will affect their approach, such as country-of-origin and country-of-operation. Finally, the chapter will suggest that only by recognising the complex interaction of these variables can we gain a complete understanding of why MNCs pursue certain internationalisation strategies and why attempts to become more transnational or geocentric might be constrained by a number of elements.

2. Towards an understanding of international human resource management

As has already been noted it is only relatively recently that researchers working in the field of international human resource management (IHRM) have sought to widen the context in which their discussions take place. This shift from a relatively limited focus on aspects of IHRM, most obviously the over emphasis on the expatriation cycle and particularly the reasons for expatriate failure, has allowed for the emergence of more complex research. Ferner (1994; 1997) and Schuler *et al.* (1993) are at the forefront of

this more searching research agenda. The work of these authors will be used here as a basis for understanding the multiplicity of factors that will impinge on a MNC's management of its human resources.

The starting point of the work of Schuler *et al.* (1993) is that IHRM is not simply HRM writ large (c.f. Hendry, 1996). Consequently they recognise that IHRM should not simply involve extrapolating from debates about domestic HRM, and this has obvious implications for theoretical and conceptual concerns in IHRM. Schuler *et al.* (1993: 720) define IHRM as 'human resource management issues, functions and policies and practices that result from the strategic activities of multinational enterprises and that impact on the international concerns and goals of those enterprises'. In a similar vein Boxall (1995: 5) also locates the locus of IHRM primarily within the choices faced by MNCs, and sees it as being 'concerned with the human resource problems of multinational firms in foreign subsidiaries (such as expatriate management) or, more broadly, with the unfolding HR issues that are associated with the various stages of the internationalisation process'.

Thus, on the basis of these definitions it can be seen that, compared to domestic HRM, IHRM is likely to involve the MNC in more diverse activities, greater involvement in employees private lives (e.g. the impact of the expatriation cycle), greater risk exposure, more external influences and generally greater complexity than would be found managing domestically. Most obviously these issues can be seen in terms of how MNCs seek to co-ordinate and integrate a range of spatially dispersed units. Schuler *et al.* (1993) attempt to discuss these considerations within a recognition of the maxim of 'think global, act local' and this is exemplified by the key research question which researchers should be seeking to address, namely 'Can MNCs link their globally dispersed units through human resource policies and practices, and if so, how?' (ibid.: 719).

To address this issue Schuler *et al.* develop an integrative framework which addresses the interrelationship between both endogenous (issues within an MNC) and exogenous (issues outside an MNC) factors that act upon an MNC's approach to managing human resources. Of particular importance in the former is the notion of headquarters orientation and the effect this will have on the management and control of the MNCs various operating units - what Schuler *et al.* call interunit linkages. Contingent upon the predominant headquarters orientation - as based on Perlmutter's typology - MNCs in managing their spatially diffuse units will utilise a mix of parent-country nationals (PCNs), third-country nationals (TCNs) and host-country nationals (HCNs). Reflecting much of the prevailing thought on the evolutionary nature of internationalisation, Schuler *et al.* suggest somewhat glibly that MNCs will ordinarily utilise PCNs in the early days of an overseas unit's existence, but over time it is likelier that TCNs and particularly HCNs will play an ever greater role¹. Such a shift will be contingent on the socialisation of the HCNs and TCNs in order that they will make the 'right' type of decision on behalf of the organisation. This notion of the utilisation of PCNs, HCNs and TCNs is particularly important as an obvious signifier of a company's approach to internationalisation and its overall orientation within such a process. Therefore it is worthy of examination in greater detail.

2.1 The role of PCNs, HCNs and TCNs

Schuler *et al.* suggest that a range of IHRM policies and practices are important in operationalising a company's overall approach to internationalisation, and particularly whether MNCs may be seeking greater global integration. Within that context, as previously noted, the mix and flow of PCNs, TCNs and HCNs is a good example of such policies and practices and is likely to be contingent on the dominant orientation to

¹ Schuler *et al.* suggest the exception to this is likely to be within the human resource function, where the need for some awareness of local culture, legal systems and traditions generally necessitates the immediate employment of a host-country national.

internationalisation, as located within Perlmutter's typology. For example, an ethnocentric approach will require a high number of PCNs to successfully transfer the corporate culture to a number of spatially diffuse units. Consequently organisations are likely to see a range of advantages and disadvantages of the utilisation of PCNs, HCNs or TCNs and these are considered in Table 2.1, derived from Borg and Harzing (1995: 186).

Table 2.1 Some of the advantages and disadvantages of using PCNs, TCNs and HCNs

	Advantage	Disadvantage
PCNs	<p>Familiarity with the home offices goals, objectives, policies and practices.</p> <p>Technical and managerial competence.</p> <p>Effective liaison and communication with home-office personnel.</p> <p>Easier exercise of control over the subsidiary operation.</p>	<p>Difficulties in adapting to the foreign language and the socio-economic, political, cultural and legal environment.</p> <p>Excessive cost of selecting, training and maintaining expatriate managers and their families abroad.</p> <p>The host countries' insistence on localising operations and promoting local nationals.</p> <p>Family adjustment problems.</p>
HCNs	<p>Familiarity with the socio-economic, political and legal environment and with business practices in the host country.</p> <p>Lower costs incurred in hiring HCNs.</p> <p>Provides opportunities for advancement of local nationals and, therefore, increases motivation and commitment.</p> <p>Responsive to demands for localisation of subsidiary operation.</p>	<p>Difficulties in exercising effective control over the subsidiaries operation.</p> <p>Communication difficulties in dealing with home-office personnel.</p> <p>Lack of opportunities for home country's nationals to gain international and cross-cultural experience.</p>
TCNs	<p>Perhaps the best compromise between securing needed technical and managerial expertise and adapting to a foreign socio-economic and cultural environment.</p> <p>TCNs are usually career international business managers.</p> <p>TCNs may be better informed about the host environment than PCNs.</p>	<p>Host countries' sensitivity with respect to nationals of specific countries.</p> <p>Local nationals are impeded in their efforts to upgrade their own ranks and assume responsible positions in the multinational subsidiaries.</p>

Related to the above considerations, based on research undertaken in four internationally operating organisations, Edström and Galbraith (1977: 252-254) have suggested that international organisations would usually have three broad motives for sending managers

abroad. The first one of those is to 'fill positions', when HCNs are unavailable or difficult to train. Although in a more control-oriented ethnocentric approach, PCNs or suitably socialised TCNs may be sent to maintain control due to them knowing the organisational 'rules' and culture better, thus allowing them to make the "right" decision' (ibid.: 256). This is particularly likely in a developing country. Second, organisations may seek 'managerial development' to give managers with long-term potential valuable international experience, which is likely to enhance their standing in the organisation. Such transfers may occur even when suitably qualified HCNs exist. Lastly, is 'organisational development', whereby control is achieved by acculturation, socialisation and interaction among managers of different nationalities, with the intent of creating a 'global' corporate culture, which de-emphasises national cultures, and a cadre of managers able to disseminate such an approach. Clearly the last of these approaches is closest to delineating a geocentric approach as the idea would be that managers would become less ethnocentric if they were to come into contact with a variety of cultures and different cultural perspectives².

Borg and Harzing (1995) believe that organisations, in enacting such approaches, are likely to pursue one of several international transfer policies. The first would be broadly geocentric and would seek the extensive and planned international transfer of personnel from all nationalities and in all directions. Such an approach would involve considerable resources - both financial and human, be strategic, well thought out and contingent upon identifying competent 'international managers'. The second approach which is best conceptualised as ethnocentric is where key managers (usually) from the home country would be sent abroad as a simple control strategy and this would be premised on the notion of having a 'trusted person on site' and as Ferner and Edwards (1995: 237) note 'At its crudest the sending of home-country expatriates could be used as a form of

² The research undertaken by Edström and Galbraith found that all four of the organisations in their sample were utilising the strategy of filling positions, and only two of the four organisations were seeking managerial or organisational development.

“gunboat diplomacy”, an exercise of direct power relations by the parent in which the expatriate acts as enforcer of corporate policies’. This approach is especially likely in ‘start-up’ units. The third approach would be based on eschewing the use of expatriates in favour of the development of HCNs. This broadly polycentric approach may not necessarily reflect an organisation following an altruistic localisation strategy - as suggested by the OECD, and advocated by Go and Pine (1995) - but also the possible costs of expatriation such as: the high cost of sending and locating the expatriate, the dangers of culture shock, low morale caused by the imposition of an incongruous leadership style on subsidiaries, and the high risk of failure (Forster, 1997; Selmer, 1998). The final approach suggested is in essence a non-approach, wherein policy is developed in an *ad hoc* way and organisations would make transfers within no overall framework and guidelines.

From much of the discussion - in this and the previous chapter - it would seem that a good deal of the more prescriptive literature envisages a relatively straightforward and linear shift from an ethnocentric to a geocentric approach which is likely to enhance and sustain an MNCs competitive advantage. However there is also an increasing awareness of the limitations of this view - most notably the inherent complexities and costs to the organisation which is seeking a global approach, and also, rather more fundamentally, a questioning of the whole premise that geocentrism or transnationalism, in itself, is a worthy strategic aim for multinational enterprises. In relation to the former element, organisations face a range of issues which are likely to encompass both philosophical and pragmatic considerations. For example, a shift to geocentrism may well involve a change in the prevailing organisational culture to a more global orientation and Hendry (1996: 483) has noted that MNCs often need, and indeed instinctually seek, to control uncertainty, and this ‘tends to breed “ethnocentric” tendencies emanating from the domestic heart of the organisation’. Moreover a shift to a global orientation is likely to be dependent on the organisation having the wherewithal to create and appoint a pool of

genuinely 'global' managers, assuming this is in fact possible. This would require a sophisticated human resource planning system and training infrastructure to enable an organisation to enact such a strategy. Some of the issues engendered by this discussion are identified in Table 2.2, which suggests some of the implications for organisations which wish to pursue a geocentric human resource management strategy.

Table 2.2 A geocentric human resource profile

Organisation	Key decision makers from diverse backgrounds operating on a global basis.
Company culture	Integrated and draws on experiences, attitudes and beliefs held by people from different countries.
Recruitment	Based on ability rather than nationality. Recruits drawn from a range of different countries to core positions.
Training and Development	Managers from all countries treated as equal. People developed through a range of overseas assignments and drawn together in cross-cultural teams to learn from each other.
Terms and conditions	General principles adopted which draw on practice from around the globe yet also allow for a response to local circumstances.
Employee relations	General principles adopted which draw on best practice from different countries. European Works Council, international committees/task groups, etc., may be established.

Source: Roper, Brookes, Price and Hampton (1997: 381)

The above considerations also inform Mayrhofer and Brewster's (1996) polemical critique of the need, or otherwise, to pursue the 'holy grail' of 'trendy' geocentrism. Having first asserted that 'there are good reasons for organisations developing and maintaining an ethnocentric staffing approach rather than proceeding to "more mature" stages of internationalisation' (ibid.: 750), they go on to argue that:

We...believe the assumptions of a progression towards a truly global approach to international staffing need to be challenged. The Perlmutter (and other similar) categorisations of stages of development of internationalisation have been useful in focusing attention on the range of options in international HRM policies. They are now becoming problematic: both theoretically, because it must be doubtful whether a typology in which nearly all cases fit into one type can be of much further value, and practically, because they lead management's to seek to jettison the national coherence of the organisational culture rather than to build on its strength. For European MNCs at least - and we believe probably elsewhere too - there are good reasons for retaining ethnocentric expatriation policies. (ibid.: 772).

Consequently, Mayrhofer and Brewster do not conceptualise ethnocentrism as an atavistic or retrograde strategy in managing a globally diffuse MNC, but rather as a sensible way to manage the basic tension between the need to achieve economies of scale and scope, whilst also considering the local situation. Indeed, they believe that ethnocentrism is the efficient 'new' European, and indeed global orthodoxy, and this is due primarily to four reasons (758-760)³ as follows.

- Personal control is the primary mechanism for integrating and co-ordinating the units of an MNC, e.g. the use of expatriates, who are likely to have internalised the values, norms and perspectives of the home country. The effect of this is ensuring close compliance with home country guidelines, as far as is practicably possible.

³ Mayrhofer and Brewster (1996: 768) talk of 'a new global "ethnocentrism"'.

- The corollary of this is that home people from the parent country are familiar with headquarters and this allows for smooth communication between the foreign operation and the home country.
- It is a necessary step for organisational survival and effectiveness.
- Expatriates are transmitters of culture and technical know how, which are ordinarily primary resources of the headquarters. Consequently they have to be brought by expatriates to the foreign operation, which is especially important in the creation of a common organisational culture. Such a culture is also likely to be reflective of the national characteristics of the headquarters country.

Moreover, they marshal a range of empirical studies, albeit in their own words reflecting 'scattered evidence' (ibid.: 758), which seem to offer compelling support for their contention of an ethnocentric orthodoxy. Two of the more interesting investigations upon which they draw are Derr and Oddou (1993) who surveyed 69 large European MNCs and found ethnocentrism to be the most widely used internationalising strategy, and Banai (1992) who found a high number of American MNCs were reliant on expatriates from the US and more generally argued that 'many MNCs whether American, European or Japanese, still assign a large number of PCNs to key managerial positions in their subsidiaries and affiliates' (ibid.: 451, cited in Mayrhofer and Brewster, 1996: 757).

Mayrhofer and Brewster's work offers an interesting polemic but it could be argued that in overstating the point, they do tend to rather sweep aside possible objections to their view of what is the best approach for MNCs. Thus they only mention in passing a number of possible caveats to their arguments for ethnocentrism. First, they do recognise there may be an exceedingly small number of truly 'stateless' organisations and that MNCs do clearly remain free to determine their choices on the way that they use HRM policies to control subsidiaries. Secondly, they also acknowledge that a range of legal, technological and cultural differences will mediate ethnocentrism. Finally, and

pragmatically, there may be several drawbacks for the organisation, such as: difficulties in the selection process for expatriates, which is still fraught with uncertainty; difficulties in adaptation for expatriates, leading to failure; and resistance and hostility to the expatriate from the locals. In sum, despite being overly deterministic, Mayrhofer and Brewster's work is important in challenging the prevailing orthodoxy that organisations are consistently striving to develop towards a more 'mature' stage of internationalisation and again this is an issue which is extensively discussed in Chapters 6-8. Equally though, organisations do face real choices in their use of PCNs, HCNs and TCNs and this will be a theme which will be developed in the analysis of the case study organisations in this thesis.

Clearly, then, integration of a number of separate units is a key issue for MNCs and generally the work of Schuler *et al.* (1993) is most insightful in its examination of the notion of interunit linkages and the issues of co-ordination and control. Thus, although Schuler *et al.* do usefully discuss some of the wider issues pertaining to exogenous influences, this remains the least developed aspect of their framework. Indeed, this is somewhat implicit in their concluding remarks which highlight the need for empirical research to investigate such issues and also something of a latent managerialism.

Consequently:

While the specific parts and propositions of the integrative framework remain to be empirically investigated, practitioners have been operating in this reality in their attempts to manage their MNCs human resources. In many cases, guides for directions and answers to questions are elusive at best. There appear to be too many contingencies, too many uncontrollable factors and perhaps even too many unknown factors. Our attempt at offering a framework is a partial response to this situation. By offering a framework, we hope to reduce the unknowns, narrow the relevant

contingencies and make more manageable some of the uncontrollable factors (ibid.: 755).

Therefore, to discuss some of the wider issues relating to the management of human resources within the MNC attention now turns to the work of Ferner (1994; 1997) which is at the forefront of a more searching research agenda.

3. The emergence of a more searching research agenda

Ferner's (1994) synthesis of debates about MNCs human resource policies is a particularly useful starting point in suggesting a more critical research agenda which is not solely policy driven, prescriptive or 'geared to the agenda of the corporate world' (ibid.: 96). Accordingly he is concerned to transcend the 'business oriented' and 'managerialist' bias, which characterises much of the research on MNCs human resource strategies. In this way he recognises that:

A great deal of work has emerged from business schools on broader questions of multinational strategies, on typologies of multinational structure, and so on, but research on the human resources of international companies has on the whole concentrated on problems of recruiting, developing, appraising and remunerating international managers, rather than on broader questions of how and why human resource strategies are developed, and how they vary within and between countries (Ferner, 1994: 79).

As a consequence he suggests a number of factors have to be recognised before any attempt can be made to assess MNCs approaches. These include: country-of-origin, country-of-operation, structure, strategy, size, stage of internationalisation and mode of

foreign expansion. In order to appreciate the influence of these variables it is worth disaggregating each of them in turn to outline their potentially important role in terms of how they may effect the way MNCs manage their human resources.

3.1 Country-of-origin

Ferner (1997) himself provides an extensive review of the country-of-origin literature and some of the substantive issues engendered by this work. The first noteworthy aspect of the extant literature is a relative paucity of studies examining the country-of-origin factor in MNCs. Moreover Ferner identifies several gaps/limitations in the literature that exists on MNCs and nationality. First, most comparative research is survey based and there remains a lack of detailed qualitative case studies, something which this thesis seeks to address. Second, within the general literature on country-of-origin effects there is surprisingly little work specifically on human resource management and industrial relations issues, and most work concentrates on general management processes within the MNC such as co-ordination, formalisation and centralisation⁴. Finally, the comparative literature which discusses the country-of-origin effect is overwhelmingly focused on American and Japanese firms leading Ferner to argue for more research on European countries, several of which are home bases for a number of major MNCs. Nonetheless from the relatively small body of research examining the country-of-origin effect, Ferner believes that two important generalisations can be extrapolated.

The first generalisation is that the literature provides support for the notion that the nationality of ownership is a significant determinant of MNC behaviour and thus any examination of MNCs strategies should take cognisance of the national economic and business cultures out of which they emerged. An example of this would be the

⁴ Ferner again makes the point that the work which does exist on nationality and MNCs which explicitly examines human resource management and industrial relations tends to focus on fairly narrow issues, i.e. expatriation.

proposition that American and Japanese MNCs have in the past tended to be more ethnocentric and reliant on expatriate managers to ensure organisational practices and policies are 'correctly' followed. Therefore this 'imperial' approach was concerned with close control over foreign subsidiaries and led to greater formalisation and centralisation and a reliance on formal systems, policies and standards to manage human resources globally (Bartlett and Ghoshal, 1989; Ferner, 1994; Ferner and Edwards, 1995; Hendry 1994)⁵.

A further interesting aspect identified by Ferner (1997) is whether it is sensible to characterise, as an example, differences between Japanese and British MNCs as being due to some inherent quality of 'Japaneseness' or 'Britishness'⁶, or whether such differences stem from other factors, such as stage of internationalisation, corporate structure and proportion of units represented overseas. Furthermore the implications of national specificity would seem to preclude any real possibility of either a literal or even figurative 'stateless' organisation, reflecting Van Maanen and Laurent's (1993: 283) view that 'All MNCs bear something of a cultural stamp that originates in the society where the organisation was first designed' (and see also Hu, 1992; 1997). Therefore, as Ferner (1997) cogently argues even if the home country does not provide the bulk of sales, operations and employment, in reality it is likely to play a highly significant role in relation to locus of ownership and control, staffing of board and senior positions, strategic decisions emanating from the home country and also in the location of innovative activities such as research and development. Given Ferner's support for the notion of an MNC's entrenched rootedness to a national economic and business culture it is unsurprising to find him asking the question of 'what features do they "absorb" from the national background?' (ibid.: 24).

⁵ Although Edwards *et al.* (1996) have argued that increasingly American MNCs have become less 'imperialistic' and more sensitive to local conditions in granting greater autonomy to subsidiaries.

⁶ There is an obvious danger in relying on such short hand and vague stereotypes, although if used cautiously and within the recognition of the other possible variables explaining MNC behaviour, notions of 'Britishness', etc., can be usefully employed for analytical purposes.

In answer to that question the second generalisation is that the extent of the possible national influence on MNC behaviour is contingent upon the issues under consideration. Consequently, 'nationality manifests itself more in relation to some issues than others and that for all countries, "rank and file" industrial relations issues are more likely to exhibit "local isomorphism" (Rosenzweig and Nohira, 1994) - that is, to resemble the practices of the local environment' (ibid.: 22). These considerations are also closely related to the convergence/divergence debate, and the extent to which the forces of convergence may be subverting national differences. At its broadest macro-social level, convergence theory is a recognition of the influence of over-arching trajectories and logic of capitalist development. This socio-structural argument suggests that societies and organisations will increasingly come to resemble each other as they accept the inevitability of universalistic tendencies in relation to technology, economic development, industrial policies, management style and human resource practices. Consequently, over time a universal type of business organisation will emerge and management practices and organisational performance would be shaped by the 'logic of industrialisation' and technological change, rather than cultural or environmental variables. Within this process a key role will be played by MNCs who act as carriers of 'best practice' across national boundaries.

Clearly a key role in this process is ascribed to MNCs and this raises the interesting spectre of MNCs acting as forces for convergence around the practices of the most 'successful' national business regimes'. In essence this means that nationally specific versions of capitalism emerge to be disseminated by the hegemonic country's multinationals (Smith and Meiksins, 1995). There is still much support for the notion that the US continues to be the predominant source of what are considered 'good practice' approaches to both general business management and, more particularly, human resource management (HRM). Brewster (1995: 207), for example, argues that 'the

analyses and prescriptions laid out in the standard management textbooks are, fundamentally, drawn from one particular culture: that of the USA'. Guest (1990) also makes a clear connection between HRM and the 'American Dream':

The growth of HRM in the UK clearly owes something to the political, economic and business climate of the 1980s and the tendency during the decade to look to the United States as a model of good practice in all these fields. American multinationals have been to the forefront of HRM innovation in the UK and the leading advocates are all American (ibid.: 377).

Branine (1994) draws on research evidence to make the cogent point that it is much more likely that non-American managers would adopt 'American' management styles or techniques, whilst at the same time suggesting it is difficult to envisage American managers adopting policies that were originally from, for example, Mexico, Fiji or Peru. The important point then is the applicability and transferability of the putatively American approach to management and whether there may be an enduring American influence on any convergent tendencies if human resource management is to be the new model for managing organisations throughout the world. To some extent this discussion of whether convergence has to be synonymous with one given nation is rather obfuscated by the recognition that with the increased number of multinationals, and especially those from a non-American source, arguments for convergence are less likely to be connected to one particular nation but more generally with this 'new' ubiquitous organisational form (see for example, Rowley (1998a: 1) for a discussion of the extent to which the Asia Pacific region and its MNCs offer 'a paragon of practices around which companies searching for "success" and the "one best way" can converge'). Therefore as Ferner (1997: 33) has argued, 'MNCs themselves, by transmitting practices across national boundaries, may be seen as key actors in the homogenisation of national systems'.

A range of writers and researchers have been concerned to examine the possible standardisation of managerial structures, technologies, strategic recipes and practices as MNCs transfer current 'best practice' across national boundaries, a transfer that is largely driven by competitive pressures. Mueller (1994) notes that foreign direct investment (FDI) is often followed by technology and the transfer of management practices through expatriates, leading to the diffusion of a range of organisational and managerial practices - or in a generic sense corporate culture. Indeed, Mueller and Purcell (1992) offer compelling evidence of the extent to which convergence may be apparent within a particular sector. In their study of a range of automobile companies they found a remarkable degree of convergence on employment and industrial relations issues. This was something which was encouraged by a number of factors, including: the globalisation of product markets, sharper competition leading to general trends towards constant product improvement and an extreme concern for quality. Therefore, they persuasively argue that 'in these industries faced with similar pressures, and where there is a dominance of multinational companies, it is likely that the pressure for common standards of productivity and performance will mount, irrespective of national systems of industrial relations' (ibid.: 31). Schuler *et al.* (1993: 751) have characterised this phenomenon as the 'competitive strategy imperative' which is likely to be dependent on 'the existence of a common set of needed employee role characteristics for quality improvement and a common set of human resource practices for those characteristics'.

Thus, MNCs may well attempt to disseminate an organisational culture, which in turn will have been influenced by the national culture of the country-of-origin of the MNC (Brewster, 1995). The result of such processes is the introduction of country-of-origin patterns into the host country operations, or what Ferner calls 'cross-national isomorphism' (1997: 26). Equally Ferner notes that the MNC also has the strategic option to largely seek adaptation to the local environment. Two other variants on this

theme delineated by Ferner also raise a number of interesting questions. The first is based on MNCs developing what Ferner calls 'internal isomorphism' (ibid.: 26), which is reflective of neither the home or host country practices and is therefore unique, an argument which seems too nuanced and somewhat untenable given Ferner's earlier contention about the effect of nationality on MNC behaviour. The second variant which is theoretically and pragmatically more coherent is that the interaction of home and host country variables creates shifting patterns of MNC behaviour. This then creates a 'hybrid' wherein home country norms are likely to be mediated by the host environment. This can be appreciated by appraising the country-of-operation effect.

3.2 Country-of-operation

However strong the country-of-origin effect it is likely that units of MNCs in overseas locations will be influenced, to a greater or lesser extent, by what Ferner (1994: 92) has termed 'the host country effect'. This effect is likely to be manifested in one of two ways, namely, the 'culturalist' perspective and the 'institutionalist' perspective. Olie (1995) in reviewing these perspectives suggests that the 'softer' culturalist perspective draws attention to cultural distinctiveness in terms of the differing values, ideas and beliefs shared by people within any given society. These aspects will then be taken into the organisational setting and uniquely influence individuals workplace behaviour. Tayeb (1994) suggests that the culturalist perspective is important primarily due to three reasons. First, it recognises the differences of cultural norms, values and attitudes from one society to another, such that peoples' thinking is likely to be shaped by what Hofstede (1991: 8) has called the 'collective programming of the mind' (cited in Hollinshead and Leat, 1995: 12). Second, different cultural groups will behave differently under similar circumstances because of the differences in their underlying values and attitudes. Lastly, and as a corollary of the preceding reasoning, culture will play a major

part in shaping social institutions, work organisations, managerial behaviour and personnel policies.

Nonetheless there remains a problem with simply ascribing these differences to 'culture'. In these terms culture remains an essentially vague and contested concept with literally hundreds of definitions. Tayeb (1994: 430-431) in noting the difficulties in satisfactorily defining culture also offers a key problem for those wishing to attribute differences in work related behaviour to 'culture':

The literature abounds with definitions of culture. Culture, to some researchers, is some combination of norms, values, feelings, thinking, roles, rules, behaviour, beliefs attitudes, expectations, meanings and so on. To others, culture is understood by what it does not include: economics, politics, law, religion, language, education, technology, industrial environment, society or the market. Whatever 'culture' is or is not, the problem....will not be solved by making further efforts in the same direction...Culture resists operational definition, not because it is a particularly intractable area of human affairs, but because the idea is tied to a particular context.

It is then this difficulty in operationalising and making concrete such nebulous and amorphous notions as tradition and culture that leads to a variety of writers to shift the analysis more towards social institutions, such as education, vocational training patterns, occupational formations, employment/industrial relations and trade unions (Smith and Meiksins, 1995). Ferner (1994: 93) exemplifies this when he notes that 'there is more to national variation than some nebulous notion of "cultural difference"', and as a result, attention should also be paid to more concrete institutional factors. This is also noted by Tayeb (1994: 431) who recognises that 'The term "nation" refers not only to culture, but

also to other social, economic and political institutions which have a significant bearing on the management style of organisations located in particular countries’.

The recognition that culture should not be seen as a synonym for nation and an omnibus variable representing a range of social, historical, political and economic factors, lies at the heart of the institutionalist perspective. The ‘harder’ institutionalist argument is primarily concerned with structural aspects within society and organisations, such as the division of labour and career, status and reward structures. These features are generated by the institutions of the host country which, as previously noted, will affect elements such as education, training and industrial relations systems. Indeed, it is the industrial relations system which is most often cited as the least permeable aspect of a host country environment, based as it usually is on a state regulated legislative framework. Hence, there is likely to be tension between activities carried out by an MNC and the national system of industrial relations in any given host country and this remains a key theme for the thesis to explore. This is particularly apparent within countries which have strong regulatory frameworks, which are likely to be a source of rules to which the MNC must comply, such as the question of union recognition or approaches to collective bargaining (Veersma, 1995). So, in sum, company strategies, organisational processes and human resource practices are likely to be influenced by the societal influences, institutional structures and cultural values of the society in which they find themselves.

Schuler *et al.* (1993) illustrate the culturalist and institutionalist perspectives in relation to how an MNC may approach a host environment. They delineate three ways that MNCs may view the need to conform to local circumstances. The first is what is considered ‘acceptable’, wherein the MNC will make a judgement as to how certain policies or practices may be perceived; for example the use of performance related pay. Second, there is the legalistic notion of what is ‘legitimate’, where MNCs have to yield and comply with local statutes; for example, does the organisation have to pay overtime for

work on Saturday and Sunday? The final element is what may be 'feasible'. This again involves the MNC making a qualitative judgement as to the operationalisation of certain policies or practices; for example, in a society which is hierarichal, authoritarian and paternalistic, can the organisation empower the workforce to make workplace decisions in order to facilitate their quality strategy? Arguably the notions of acceptability and feasibility exemplify a culturalist view of MNC adaptation, whilst the MNCs rationale for seeking legitimacy is more likely to be driven by a need for legislative compliance with institutional arrangements. It is the combination of these aspects then which will determine what Ferner (1994; 1997) characterises as the 'permissiveness' or 'permeability' of a host country's institutional and cultural framework, such that certain host countries will be more open to the transfer of the MNCs home country policies and practices than others.

As already noted a further element to the debate about how permissive host countries may be is the need to recognise, the (albeit) disparate, forces for convergence, such as pressures created by globalisation and of MNCs acting as possible carriers of 'best practice' and also the role of supranational institutions such as the European Union (EU) which is seeking greater standardisation in the regulation and management of labour (Baldry, 1994). In sum, though, it seems difficult to repudiate Ferner's (1997: 33) view that:

...not all elements [of an MNCs human resource policies] are 'exportable' being too rooted in native cultural assumptions; and second because to varying degrees host countries present obstacles to the 'import' of elements of foreign business systems, and colour the operation of those which are transferred.

Indeed, this is likely to apply to both hard legalistic aspects and also softer cultural aspects, with Ferner and Edwards (1995: 234) arguing that even when organisational practices are ‘successfully’ implemented in host units they may not necessarily have the same resonance and significance and thus there may be ‘interference’ created by ‘a local universe of cultural assumptions and meanings’.

3.3 Structure and strategy

These two aspects are conceptualised as being closely connected and also likely to reflect the classifications of differing MNC orientations as outlined by Bartlett and Ghoshal (1989) and Perlmutter (1969) and discussed in some detail earlier in this thesis.

3.4 Size of the MNC

A priori it would seem that the larger the firm the more likely it is to be aspiring to a global or transnational outlook. The rationale for such thinking would lie in aspects such as spatial dispersion which would allow more possibilities for the organisation to draw on a multiplicity of national teams and cultures. In an organisational sense it might also be speculated that larger organisations would have the wherewithal to pursue a geocentric approach, such as training centres for training a ‘global’ cadre of managers. The small amount of work on this area would seem to broadly support such contentions. For example, Mayrhofer and Brewster (1996) in their lionisation of an ethnocentric approach for MNCs do nonetheless recognise that it is more likely that international staffing will happen in large MNCs which will have the infrastructure to support such an approach. Equally Edwards *et al.* (1996: 48) also see size as a possible determinant of globalism, i.e. that large firms are more likely to globalise, although their evidence supports the view that ‘the lack of association on several variables also suggests that small size need not preclude a global orientation’. Nevertheless it is suggested that many of the criteria previously

identified as redolent of transnationalism and geocentrism are likely to be more dependent on a larger organisation.

3.5 Stage of internationalisation

Both Bartlett and Ghoshal (1989) and Perlmutter (1969) outline evolutionary and sequential models that see firms changing over time to a more 'sophisticated' transnational or geocentric approach. Evidence suggests this is far from a straightforward proposition. As well as the polemical rejection of such a position by Mayrhofer and Brewster (1996), Welch (1994) reports on case study evidence gleaned from four firms from the manufacturing and service sector and at different stages in the internationalisation process. On the basis of this research Welch rejected the notion of firms pursuing a deliberate process towards a more global approach and the reality in each of the firms was messier and more complex than much of the prescriptive literature envisages. Relatedly, Welch also recognises that organisations may be more concerned with tighter control in the earlier stages of an overseas venture due to the high risk and heavy commitment of company funds. She also argues that service firms are more likely to be vulnerable in such a situation as they have not experienced the preparatory stage of exporting before full foreign direct investment (FDI). Her research evidence suggests that the service firms in her sample tended to over rely on expatriates and thus fail to fully capitalise on the pool of local available knowledge and expertise. Nonetheless a caveat could be added here, namely that service organisations have a variety of options in terms of their mode of expansion, i.e. it is unlikely to be FDI and this is likely to affect their approach. Finally Edwards *et al.* (1996: 61) contend that 'There seems little evidence of any evolutionary logic driving firms forward...MNCs have been around for a very long time and they do not yet seem to have become truly global'.

3.6 Mode of expansion

Ferner (1994) suggests that the mode of expansion is likely to play a significant role in terms of the level of control that MNCs have over subsidiaries and their human resource practices. This view recognises that an MNC must decide on what it considers to be the best means to establish an overseas presence. For example, Hill (1998) notes that in a general sense there are basically six ways to enter a foreign market, these being:

- exporting;
- turnkey projects;
- licensing;
- franchising;
- establishing a joint venture with a host country firm; and
- setting up a wholly owned subsidiary in the host country.

Whilst this general classification is useful, it is also important to consider the specific nature of the hotel sector, as the mode of expansion utilised by international hotel groups will clearly shape the type of relationship between the unit and the parent country headquarters. Further to the above typology of international expansion mechanisms, international hotel companies have a range of options in expanding across national boundaries and the approach adopted is likely to reflect contingent conditions facing the MNC. These approaches can be classified in the following broad ways:

- organic growth via new product development;
- mergers and acquisition which Mather and Todd (1995) characterise as the fastest method of expansion due to the possibility to immediately establish a presence in a new market segment or a variety of new locations: indeed, Go and Pine (1995: 8) have suggested that mergers and acquisitions 'are perhaps the most crucial trends [within

the international hotel industry] with the largest impact on the structure of the international hotel industry'; and

- a range of affiliative arrangements, such as joint ventures, management contracts and franchising.

In opening a new property the parent company can utilise any one of these arrangements and consequently most international companies will often use a mix of the above approaches (Alexander and Lockwood, 1996). Moreover the approach adopted towards individual units will axiomatically determine the management and control strategy. Although it may be difficult to make a wholly explicit causal link between methods of expansion and human resource strategies several assumptions could be reasonably made.

If the MNC decides on organic growth or full equity involvement, i.e. owning as well as operating a hotel, then it would seem tenable to assume that they would view the unit the same way as it views existing overseas units. The same could be said to be true for management contracts, whereby the hotel owner contracts the management of the hotel to a hotel operator for the payment of an agreed fee. However in relation to affiliative arrangements such as joint ventures and franchising the process may not be so straightforward, as the approach of the parent country is likely be mediated by host country patterns. An obvious example would be the fact that some countries only allow joint ventures on the basis of a certain number of local people holding managerial positions. Thus, the MNC may be 'forced' to operate a polycentric staffing approach. Similarly, Roper *et al.* (1997) have argued that the involvement of a local franchisee may well facilitate a polycentric approach from the MNC. This is perhaps more arguable as in reality the fact that a company is 'selling' a well-known or respected hotel brand name to another owner, operating company or individual entrepreneur means they may seek tight control. This would usually entail the franchiser codifying rules both in relation to the 'hard' tangible aspects of the hotel such as bedroom design and restaurant layout, and the

'soft' aspects of the service delivery system (Jansen-Verbeke, 1996). Failure to adhere to these rules, or repeated failures in the quality inspection could lead to the franchisee losing the franchise. As a corollary of this the high levels of standardisation and centralisation which franchising is likely to entail may well produce an ethnocentric strategy (see Luxenberg, 1985, for a fuller discussion of this point).

In summary, Ferner (1994: 79) posits that the study of all of the above variables will allow for an assessment of 'the impact of specific national institutional, legal and cultural frameworks, so as to be able to answer questions about the balance between "innovation" and "adaptation" in corporate HR policies'. This, then, points to evidence of both possible convergence, driven by amongst other things MNCs, as well as continuing divergence on the basis of institutional and cultural issues. For example, Kidger (1991) cites case study evidence to argue for a converging set of HRM practices internationally. Such convergence sees standardisation in terms of issues like the existence of personnel specialists, policy statements, job evaluation, briefing groups, quality circles, and increased resources for personnel work. Consequently, he suggests that 'organisational contingencies are more important factors in determining HRM than societal culture' (ibid.: 156). However, even though Kidger argues that convergence is seen within and across national boundaries, he also concedes that forces of divergence are at work, based on differing organisational sizes, technologies, histories, organisational cultures and competitive positions. As a result, 'A full picture of international HRM must include both the common and the different' (ibid.: 161). This leads to the conclusion that the main aim of research should be not whether international practices are emerging but why they have varying degrees of relevance in different countries, and how these are related to cultural, educational and political considerations. Nonetheless, many of these issues still require empirical investigation and consequently the ways in which these are played out within the case study organisations is described in greater detail in the findings contained in Chapters 6-8.

4. Conclusions

This chapter has sought to widen the context and focus of integration and co-ordination in multinational enterprises by drawing on the IHRM literature. In particular, it discussed the choices that organisations face in their utilisation of PCNs, HCNs and TCNs and how this is a clear signal of their overall orientation. The chapter also described the possible difficulties facing organisations in their attempts to seek a more transnational or geocentric approach, particularly in relation to human resource strategies. This also included the polemical work of Mayrhofer and Brewster (1996) who suggest that organisations may not necessarily wish to attain the 'ideal' of becoming a truly global organisation. Further detail was also added with the work of Ferner (1994; 1997) whose identification of a number of key factors which affect MNCs human resource approaches is key to this thesis. In particular, the notions of country-of-origin, county-of-operation, MNC size, stage of internationalisation and mode of expansion are all key variables which can be discussed in relation to the case study organisations in the findings chapters of this thesis. This chapter also sought to discuss the related issue of whether the increased role of MNCs and IHRM is engendering greater convergence in the management of human resources, or whether in fact forces of divergence remain a powerful influence in constraining the transfer of managerial practices by MNCs. Again this remains an issue which will be further discussed in relation to the emergent evidence from the case study organisations.

To reiterate, the previous two chapters have sought to develop a framework in which the case study organisations approach to internationalisation - and the management of human resources within that process - may be assessed. Perlmutter's work allows for a general discussion of their overall orientation, including how they may seek to co-ordinate and integrate their geographically dispersed units. A key signifier within this process is the

use of either PCNs, HCNs and TCNs and this is a point which will be further developed in the findings section of the thesis. Allied to this the more searching IHRM literature allows for an awareness of several other contextual variables, most notably, country-of-origin effect, county-of-operation effect, MNC size, stage of internationalisation and mode of expansion. Taken together, Perlmutter's work and the key aspects of IHRM, delineate the key headings which will be utilised in examining the findings from the case study organisations. In many respects these considerations provide the general context in which this work is grounded, but there is also a need to consider the specificities of the service sector and particularly the international hotel industry. Consequently the final aspect, which has thus far remained underdeveloped, is the sectoral and industry context and the following chapters will now discuss these in turn.

CHAPTER 3 THE DYNAMICS OF THE SERVICE SECTOR

1. Introduction

This chapter will outline the nature of the service sector and in the process delineate several key issues which are pertinent to the thesis, because they impact on the internationalisation strategies of service companies and particularly the extent to which organisations may seek to standardise or differentiate their offering. The issues are:

- the question of the ‘uniqueness’ often ascribed to the nature of services;
- differences which may exist between service businesses and the utility of various typologies to discern such differences; and
- the nature of the service encounter and the human resource management (HRM) issues which this engenders, particularly as organisations increasingly seek competitive advantage through the mechanism of quality of service.

To discuss these issues the chapter will be developed with reference to the work of Lovelock and Yip (1996) which provides a useful organising framework to examine both the nature of services and the way in which service organisations, in internationalising, may address some of the issues of the ‘uniqueness’ of the service offering. Thus, there will be a discussion of the difference between service-based businesses and goods-based businesses, particularly in relation to notions of intangibility, inseparability and heterogeneity. The chapter will then examine different types of service business with a particular focus on those services that have a high level of interaction between customers and employees. This will also allow for recognition of the way in which service organisations may seek to add value to their core ‘product’, particularly in relation to the provision of high quality service encounters. Having described and analysed the nature of services the chapter will then address the issue of how organisations can manage the

complexities of internationalising. The discussion of internationalisation will be particularly cognisant of the work of Levitt (1983) which posits a 'globalisation of markets' with irrevocable homogenising and standardising effects. Levitt's work provides the starting point for a more detailed and nuanced discussion of the extent to which organisations, in internationalising, are likely to seek standardisation *or* differentiation, or standardisation *and* differentiation.

2. An emerging research agenda

As Armistead (1994: 39) has noted:

Research into the internationalisation of services is to a large extent still in its infancy. However, as there are an increasing number of global service companies and others looking to expand their business beyond national boundaries, the approaches which are followed and the resulting benefits should be a fruitful area of investigation.

It is axiomatic that the rise in research examining service sector internationalisation is a reflection of the greater concentration and consolidation of a number of service industries - including the international hotel industry - which has led to the emergence of a number of service multinationals who nominally compete across the globe. Segal-Horn (1994) suggests that for services in a generic sense the genesis of this process can be traced back around 40 years, although it has occurred at a pace more recently. A related point is the extent to which internationalisation now becomes the defining and all-pervasive contextual feature of the service sector, such that domestic markets are affected by the rise of service multinationals seeking to gain a pre-eminent position in a variety of markets, which will affect all organisations, chain or otherwise. A similar point is also made by Alexander and Lockwood (1996: 458) who recognise the major effect on the overall sector made by

international organisations: 'International hotel companies [and retail companies], although numerically only a fraction of organisations operating in their sector have a disproportionately large influence on the development of operations in their sector', and this may particularly be the case in their ability to transfer knowledge between market segments.

Thus, although it is suggested that research into service sector internationalisation is still relatively undeveloped, the fairly rapid growth of a number of service multinationals has engendered a burgeoning literature which attempts to assess the strategic approaches to internationalisation adopted by a range of disparate service sector organisations (Campbell and Verbeke, 1994; Edvardsson, Edvinsson and Nystrom, 1993; Enderwick, 1992; Lovelock and Yip, 1996; Mathe and Perras, 1994; and Segal-Horn, 1993; 1994). Within this work an overarching analysis is provided by Lovelock and Yip, who develop a generally measured and methodical review of global strategies for service business¹. The utility of Lovelock and Yip's exposition lies in their identification of what they term three 'lenses', which are used as a device to allow for greater understanding of the service provision and the purportedly 'unique' problems which are found in service organisations.

The first of these 'lenses' is the set of characteristics by which service-based businesses differ from goods-based businesses, namely the four factors that 'are now commonly

¹ Lovelock and Yip recognise that the use of terms such as global, globalisation and internationalisation is rather loose and may be problematic in the way the terms denote a wide range of meanings in a variety of contexts (see for example, Hirst and Thompson, 1996; Spybey, 1996; Waters, 1995). Consequently, they suggest that for a service firm to be 'truly global' it should do business not only in the 'Triad' of North America, Western Europe and Japan, but also increasingly in areas like non-Japan Asia, Latin America and Eastern and Central Europe. Similarly Gannon and Johnson (1995) tackle the issue in relation to the hotel industry and suggest that it can be seen as a global industry. In addressing this issue they attempt to overcome some of the difficulties inherent within the debate of what denotes a 'global' organisation in adopting 'a more definitive line' by citing *Hotels* notion of the 'Global Hoteliers Club', which 'advocates that a truly global manager is an individual who has managed a facility in on five of the six economically viable continents' (Gannon and Johnson, 1995: 32). This notion is then simply extended to organisations operating in five of the six continents. Within these considerations though there is much scope for discussion as to whether true globalism is simply contingent on spatial diffusion, and this thesis will also examine more qualitative judgements as to what a 'truly global' organisation is and whether such a characterisation is in fact possible.

cited as the factors that distinguish services from goods' (Edgett and Parkinson, 1993: 22), these being: intangibility, inseparability, heterogeneity and perishability. This distinction is a reflection of the 'uniqueness' often ascribed to service provision, and the corollary of that, namely, the greater difficulties that service organisations may face in attempting to internationalise. The ways in which organisations manage this 'uniqueness' may well be contingent upon the way a given service firm is likely to fit in with Lovelock and Yip's categorisation of three fundamental types of service. Consequently, as their second 'lens' they suggest three broad categories of service businesses: people-processing services in which 'customer themselves become part of the production process' (ibid.: 68), for example, organisations such as airlines, restaurants and hotels; possession-processing services, for example freight transport and laundry provision; and information-based services, for example, the news media and information technology. The final 'lens' is the role of supplementary services which surround the core product or offering, providing in a floral metaphor, what Lovelock and Yip term 'the flower of service'. The usefulness, then, of these 'lenses' is the way they provide a framework upon which to develop a more searching analysis of service sector internationalisation and an examination of the global strategies of service-based businesses.

As indicated in the introduction to the chapter, the discussion will firstly attempt to understand those 'unique' aspects of the service 'product' that are suggested as making internationalisation a more problematic process for service firms. This can be seen in relation to a range of issues, such as marketing, service delivery and management systems and styles (Enderwick, 1992; Dahringer, 1991). There will then be a discussion of the heterogeneity of service sector organisations, and the way this may dictate the responses to the uniqueness of services and the notion of adding value. In particular it will concentrate on people-processing services which are seen to best reflect the nature of the hotel 'product'. Thirdly, in examining the ways in which the aforementioned 'flower of service' can add value or differentiate the service offering, we can appreciate the range of

options available to organisations by which they will seek to gain competitive advantage. Furthermore the discussion of these 'lenses' will be within the context of recognising some of the key drivers in the globalisation process. Implicit within this discussion is the underlying issue of whether organisations seek to standardise or differentiate their offerings; that is, to what extent do organisations make their 'product', marketing strategies, service delivery systems and management styles similar or different as they seek to locate in a multiplicity of countries and cultures?

3. Defining services - a case for uniqueness?

In an attempt to outline the defining attributes of service much of the literature that has emerged has pointed to a range of broadly similar and 'special' characteristics (see for example, Bowen and Schneider, 1988; Lashley and Taylor, 1998; Lewis and Entwistle, 1990; Ruane, 1993; Schneider, 1994). These 'special' characteristics, first noted by Regan in 1963, are usually described as: intangibility; inseparability; heterogeneity; and perishability and will now be discussed.

A key feature of much of the services marketing literature is the notion of adopting a dichotomous approach between goods and services in order to differentiate between the two and within that the level of (in)tangibility of a given 'product' (Edgett and Parkinson, 1993). On this point Bowen and Schneider (1988: 48-49) note how:

...there is still no strong consensus regarding precise distinctions between services and goods. Clear delineation is difficult, if not impossible given the output of goods is typically accompanied by a facilitating service and service output is sometimes accompanied by a facilitating good...The point is that services differ on continua, not only from goods but from each other.

This can be clearly seen by noting a number of definitions of what constitutes a 'service'. Lashley and Taylor (1998: 154) suggest that 'Most organisations sell a "complex bundle" (Sasser *et al.*, 1978) of both tangible and intangible elements and a "service" is so defined when the bundle is intangible dominant'. Similarly Schneider (1994: 64) argues that service 'refers to the policies, practices and procedures of organisations for the delivery of the organisation's tangibles (products) or intangibles (experiences)'. Segal-Horn (1993) also makes the same distinction in recognising the utility of O'Farrell and Hitchens (1990) 'continuum of tangibility' between 'pure' goods and services. Interestingly (and perhaps reflecting the somewhat semantic nature of the debate, or at least some of the conceptual issues and difficulties in precisely defining and describing (in)tangibility) this does not stop Segal-Horn offering a later and somewhat narrower, though still useful, interpretation. Thus, she defines service industries 'as those whose output is not a physical good or product and where added value is derived from such factors as concept, image, quality of service delivery, reliability, convenience and flexibility' (Segal-Horn, 1994: 53).

What much of the above discussion points to is the delineation of the existence of both production and service elements in the typical service organisation, such that the 'product' becomes a complex mix of the two. Indeed, this notion of both production and service features is equally apparent in the hotel milieu, where the production of services is often diffuse, involving a combination of tangibles and intangibles. Clearly, then, a wholly definitive view of services is impossible in terms of whether they are best conceptualised as being best understood in terms of the 'hard' tangible elements or the 'soft' intangible elements. Nonetheless, a key issue remains the notion of intangibility and this is the first feature which, despite the above discussion, is seen by Enderwick (1992: 135) as 'a defining characteristic of almost all services'.

3.1 Intangibility

Generally services are intangible or at least much less tangible than physical goods or products. Consequently, within the services literature, services are usually seen as abstractions and experiences that are rendered, as opposed to products which may be possessed by the customer. This lack of possession means that services generally cannot be owned in the same way that manufactured goods can, they can only be experienced, created or participated in, with the effect that customers may find it difficult to evaluate the services rendered (Edgett and Parkinson, 1993). Essentially, then, 'pure' services are more concerned with a performance rather than an object and unsurprisingly this has engendered the use of theatrical metaphors to characterise service work, an example being Disney's well-known use of 'back-stage' and 'on-stage'.

In terms of the problematic facing service organisations stemming from intangibility, Enderwick (1992) and Campbell and Verbeke (1994: 96) suggest that a lack of a tangible product makes it difficult for service organisations to differentiate themselves 'since customers do not always understand what information is being conveyed by different competitors'. In response to such problems they suggest that service companies may seek to 'tangiblize' (Bowen and Schneider, 1988: 50) the intangible via such things as standardising the exterior of buildings to create an image which customers will immediately recognise, a strategy pursued with some success by McDonald's, for example. Other problems noted by Dahringer (1991) includes a recognition that services cannot be stored or readily displayed or communicated. The key point though is the notion of how organisations may seek to 'tangiblize' the intangible by the use of obvious physical signifiers to create a strong brand image and company identification which is likely to offer recognition and reassurance for the customers.

The rationale for pursuing such as strategy lies in the recognition of organisations seeking competitive advantage via a strong brand image. Mather and Todd (1995: 128) illustrate this by suggesting that branding plays a central role in the international hotel industry:

Thus branding becomes a crucial element in the competitive response of different hotel companies, chains or brands. This holds whether the brand is simply the name of the hotel (for example, in the case where an independently owned property competes within a certain quality in one single location with other similar properties) or where the brand is world-wide, offering a familiar service level, image, type and size and room and so on throughout the world wherever the client happens to be. In such cases, some broad concept of dependability or predictability can be important in hotel selection; nasty surprises are best avoided.

This standardisation can be considered as a reflection of what Segal-Horn (1993) calls the 'hard', more tangible, elements of service that may be more responsive to standardisation. This is a useful distinction thus allowing us to examine the strategies adopted by service organisations in relation to the 'hard' or 'hardware' which can be broadly conceptualised as the physical product (for example, the hotel room, meals, beverages and leisure services); and the 'soft' or 'software' which consists of the more amorphous notions of service quality, service delivery, the emotional interaction between the producer and consumer, and management styles. This notion of hardware and software is nicely illustrated and simplified by Schneider (1994: 64), writing about the key role of customer focused human resource management:

I caution readers of this article to remember that I write *as if* HRM is the key to success in service businesses. I fully appreciate the necessity for excellence in the core service itself (the food, the clothes, the symphony),

excellence in Marketing (advertising, distribution), excellence in Operations and Systems (production, information/technology and communication), wise choices around the market segment in which the firm will compete (up-scale versus discount), and so forth. HRM will probably not yield success for the firm...we must always take a *systems view* of service firm effectiveness. The systems view requires that all elements of the service system act in co-ordinated ways to produce service excellence (emphasis in original).

Thus, it could be suggested, that both the hardware and the software make up the overall product and in this normative view must successfully coalesce to ensure organisational success. Nonetheless, it is widely recognised that within the notion of intangibility, service organisations which offer a product which is, in the words of Lashley and Taylor (1998), 'intangible dominant', increasingly seek to differentiate themselves on the basis of the software aspects such as seeking high quality service interactions for the increasingly discerning customer. Some of the inherent difficulties faced by service organisations in pursuing such a strategy are now discussed within the recognition of the simultaneous production and consumption of many services.

3.2 Inseparability of production and consumption

The key feature of inseparability is the high level of face-to-face interaction between buyer (i.e. the customer) and seller (i.e. employee) resultant from the simultaneous production and consumption within the service process. This process has been variously described in somewhat hyperbolic terms as the so-called 'Moment of Truth' (Carlzon, 1987) as enacted by what Tom Peters has called 'service stars' (Armistead, 1994) or more prosaically as the 'service encounter' (Czeipel, *et al.* 1985) and both of these denote in their own way the key aspects of such interaction. Carlzon's description neatly fits in

with the theatrical metaphor which has been previously noted, and within that dramaturgical sphere suggests that the organisation, via its front line staff, has to 'get it right first time' in order to ensure a flawless performance which will result in the customer returning to any given service business. More measured and less prescriptive accounts of the service encounter are more concerned to recognise a number of elements which pose a range of issues for organisations, particularly on the issue of quality assurance where 'the consumer finds it difficult to isolate service quality from the quality of the service provider' (Enderwick, 1992: 139). For example, from a review of the literature, Lewis and Entwistle (1990: 42-43) suggest a number of key features of service encounters, as opposed to other social encounters:

- they take place for a purpose;
- the service providers are not altruistic, they are performing a job;
- prior acquaintance is not necessary;
- service encounters have a narrow focus;
- task-related information interchange predominates;
- client/customer and provider roles are well defined; and
- a temporary status differential may occur.

Organisations, then, may face significant problems in attempting to manage and control this high level of interaction between their front line employees and the customers with whom they come into contact and these problems are given a particular focus when we recognise the notion of heterogeneity.

3.3 Heterogeneity

Heterogeneity refers to possible variations in service quality due to the labour intensity of most service production. Thus, most services are predominately people-centred, i.e.

involving interaction between people and consequently 'the quality and essence of a service can vary from producer to producer, from customer to customer, and from day to day' (Zeithaml *et al.*, 1985, cited in Edgett and Parkinson, 1993: 26). As a result of this possible variance in employee-customer interactions service organisations may face difficulties in ensuring uniform quality of service between outlets, especially in branded services. Enderwick (1992) suggests one of the ways in which organisations have sought to resolve this problem is to reduce the human element in service production by the use of mechanisms such as Automatic Teller Machines (ATMs) in banking, for example. An alternative to this approach is to 'industrialise' services, by breaking down service operations into minute and discrete simple tasks to enable semi- and unskilled front-line staff to follow a routinised, simple and standardised approach to each service encounter, typified by fast food outlets such as McDonald's. Such an approach has engendered a wide literature which can broadly be seen as polarising between those who see this paradigm as one to be admired and copied (Levitt, 1972; Zemke and Schaaf, 1989) or those who excoriate its dehumanising effects (Leidner, 1993; Luxenberg, 1985; Ritzer, 1996).

On the other hand Enderwick (1992) suggests that increasingly, in addressing this problem of heterogeneity, a key strategy adopted by many service organisations is extensive employee training and development, which recognises and acts upon the idea of front-line staff being crucial to organisational success. For example, this may involve the inversion of the organisational chart which notionally places greater emphasis and importance on front-line personnel. Baum (1995) also advocates this strategy and the attendant need to address a range of issues it raises in terms of training and control of employees. Simply speaking this requires a shift towards support for concepts such as human resource management, internal marketing, total quality management (TQM) and empowerment (see for example, Collins and Payne, 1994; Entwistle and Lewis, 1994; Lashley, 1997).

Within the hospitality and tourism industries Baum (1995: Ch. 5 & 258-60), following Ritzer's (1993) critique of McDonaldisation, nicely captures and summarises this debate by suggesting that the dualism of, on the one hand: differentiation in terms of service quality, premised on high levels of multi-skilling, staff development and training, and articulated via notions like empowerment and internal marketing; and on the other hand, rational standardisation of product and service delivery (with its concomitant deskilling, low pay, low status, alienating work), is best seen as a difficult conundrum to which organisations have to respond in pursuing particular strategies (and see Lashley and Taylor, 1998). Thus, these strategies could be crudely characterised as McDonaldisation or an empowerment-based strategy to managing employees. Clearly, then, organisations face real choices in the broad human resource management strategies which they may adopt in relation to the above issues. This also delineates a further key topic for this thesis, namely the way individual units of a multinational service company - in this case individual hotels - approach the issues of human resource management, work organisation and the management of the service encounter and this is critically reviewed in the findings section of this thesis.

3.4 Summary of service sector characteristics

Although there are other elements of the service sector, notably perishability, it is the above features of intangibility, simultaneous production and consumption and heterogeneity that are suggested as being the most important. Thus service organisations face a number of issues stemming from the 'uniqueness' of the service offering and within that the key notions of simultaneity and heterogeneity remain the most problematic due to the reasons outlined. Indeed, these very characteristics are held to make internationalisation particularly problematic for service organisations as they determine the predominately 'local' nature of services (Segal-Horn, 1993). Having identified and

discussed the first of the 'lenses' supplied by Lovelock and Yip (1996), namely the way in which service organisations differ from goods-based organisations, we can now go on and examine the second of their 'lenses', which is concerned with different types of service businesses which are within the wider categorisation of the service sector.

4. A taxonomy of service?

As we have already noted the extent to which the characteristics of intangibility, simultaneous production and consumption and heterogeneity are inherent within a given service product may well be contingent upon the type of service which is being offered. Various attempts have been made to develop typologies of services which are based on an awareness of these characteristics, although Armistead (1994: 29) argues that 'As yet there is no taxonomy which is widely accepted as being a rigorous representation of the differences exhibited across the service sector'. Similarly Lovelock and Yip (1996: 66) argue that the service sector cannot be generalised as being homogenous, though equally they do not advocate the systematic disaggregation to examine services on an industry by industry basis and thus 'it is unwise to talk in broad brush terms about the service sector or service industries as though all organisations faced more or less the same strategic problems. At the same time it is also a mistake to fall into the trap of examining services only on an industry by industry basis'. Consequently, as has been already noted, Lovelock and Yip outline three broad categories - people-processing services, possession-processing services and information-based services - which are dependent on the nature of the process, primarily the extent to which it is tangible or intangible, and whether customers have to be physically present or not. Therefore, the most important of Lovelock and Yip's categories for this thesis is people-processing services, whereby customers will be physically present and involved in the production process, as they enter what Lovelock and Yip characterise as a 'service factory', as exemplified by organisations such as hotels and restaurants.

Within Lovelock and Yip's generic categorisation of people-processing services we can further identify differing and distinct service processes. The usefulness of this is to illustrate once again the difficulty (if not impossibility) of outlining a definitive view of services. For example, Lashley and Taylor (1998) utilise matrices provided by Schmenner (1995) and Heskett *et al.* (1990) to identify different processes in service operations management. These are the service factory, the service shop, mass service and professional services. These characterisations are based on the degree of customisation and labour intensity involved in the service offer, in terms of the degree of customer contact required between employees and customers. On that basis the service factory is relatively low labour intensity and low customisation, i.e. high standardisation and this is exemplified by fast food operators, especially McDonald's. Arguably the use of the term 'service factory' by Lashley and Taylor may represent a more apposite usage of the notion of a factory than that used by Lovelock and Yip. Although Lashley and Taylor write from a different standpoint than those overtly critical of this type of organisation, their characterisation of McDonald's as a service factory reflects the way manufacturing metaphors have been extensively deployed to describe working in fast food, e.g. the alienation of working 'on the line' being analogous to the labour process used in McDonald's or others of that ilk (for an interesting discussion of this point see Allan and du Gay, 1994).

The service shop involves more customisation, but relatively low labour intensity. The defining difference to the service factory lies in the degree of standardisation within the process. Thus, Lashley and Taylor draw upon the example of TGI Fridays to argue that although there is high levels of standardisation in the tangible aspects of the organisation, such as the menus, layouts, decor and staff uniform, there is also some scope to customise the customers' eating and drinking experience by virtue of their more extensive menu, and more importantly, greater spontaneity and authenticity are encouraged in the

intangible aspects of the service provided by front-line staff. The next classification is mass service where service processes involve a relatively high degree of labour intensity, though a limited amount of customisation, with Lashley and Taylor asserting that the Marriott hotel brand typifies a mass service organisation. The rationale for such an assertion lies in the fact that their four star offering is similar to others in relation to the hardware of the tangibles reflecting the highly competitive nature of the mid to upper segment of the hotel market. As a result of this convergence of the tangibles the key lies in the intangibles and the scope available to organisations to differentiate themselves on the basis of service quality. Within that process a key role is played by the staff via the relatively high level of contact with customers. The final grouping is professional services where there is a high level of service to individual customers and a high degree of labour intensity, and professional services are exemplified by hospitality management consultants. The key point which emerges from the work of Lashley and Taylor is the likely relationship between the service operation type adopted by the organisation and the style of HRM which best 'fits' it. Thus it is apparent that in the four star hotel sector a broadly 'soft' (Storey, 1987) - or what Lashley and Taylor term 'the participative style', as exemplified by high discretion in relation to the intangibles, moral involvement and a moderate trust culture - approach to HRM is suggested as being important to sustain a high quality, TQM-based approach to the service offering (and see also Redman and Matthews, 1998).

Having noted the different types of services, attention now turns to the third, and final, of Lovelock and Yip's 'lenses', that of supplementary services and adding value to the core service offering.

5. Supplementary services - adding value to the service offering

For their final 'lens' Lovelock and Yip (1996) employ a floral metaphor - the 'flower of service' - to designate the range of value adding elements that enhance the core product of a bed for the night, a meal or a bank account. The 'flower of service' therefore consists of eight categories of supplementary services which are: information; consultation and advice; order-taking; hospitality - taking care of the customer; safekeeping - looking after the customers' possessions; exceptions; billing; and payment. This categorisation is useful in denoting a range of additions to the core 'product' which produce possible attendant problems and a need for suitable organisational responses. In that sense the extent to which organisations will draw on these supplementary practices is likely to be contingent on the nature of the 'product', customer requirements, competitive practices, and market positioning strategies pursued by organisations. This can be appreciated by examining in greater detail the most germane aspect, for this thesis, of the 'flower of service', namely, exceptions.

Lovelock and Yip (1996: 71) describe various exceptions which 'fall outside the routine of normal service delivery', including special requests, problem solving, handling of complaints/suggestions/compliments, and compensating customers for performance failures. Many of these aspects could be seen to be integral to offering high levels of service quality and the ability to offer exceptional service is likely to require organisations using a panoply of techniques which reflect what Waters (1995: 85) has called the 'new organisational paradigm'. Waters goes on further to suggest that this burgeoning idealisation of organisational behaviour is premised on a strong corporate culture which envisions a key role for the new cultural paradigm's symbols and tools, such as mission statements, TQM, empowerment, functional flexibility/multi-skilling, and high levels of staff training and development. As already noted, the extent to which these mechanisms

and techniques have been used by the case study organisations will be a point that will be substantially developed in the findings section of this thesis.

To summarise, the preceding sections have attempted to apply Lovelock and Yip's three 'lenses' which were used as a device to allow for a greater understanding of the service provision and the 'unique' problems to be found to a greater or lesser extent in a range of service organisations. This has allowed for the elucidation of a wide variety of issues which act as the framework on which to proceed to assess the implications and responses of service organisations as they diffuse their offering across a variety of national boundaries.

6. The internationalisation of services

Lovelock and Yip (1996: 70) ask the crucial question 'What drives globalisation of service businesses?'. Their answers lies in the recognition of a number of factors: common customer needs; global customers; global channels; economies of scale; favourable logistics; information technology; government policies and regulations; and transferable competitive advantage. From the above factors we can extrapolate those elements important to an analysis of organisational strategies. Consequently, there will be a concentration on the ideas of common customer needs, global customers, and finally transferable competitive advantage. The rationale for selecting these aspects lies in the recognition that there is an inter-connectedness between them, particularly in the sense of their relevance in understanding the extent to which service organisations (including the case study companies in this study) seek to standardise or differentiate their offerings in a variety of settings.

Much, if not all, of the work which has emerged in recent years on the question of how organisations should operate in a range of different countries, has had to take cognisance

of the seminal work of Theodore Levitt's exposition on the 'globalisation of markets'. Levitt's (1983) analysis, which primarily addresses the question of global marketing, and to a lesser extent the way organisations are managed, baldly and controversially adopts an absolutist line in asserting that:

The world's needs and desires have been irrevocably homogenised...[such that]...Ancient differences in national tastes or modes of doing business disappear. The commonality of preference leads inescapably to the standardisation of products, manufacturing, and the institutions of trade and commerce...[thus]...The global competitor will seek to constantly seek to standardise his offering everywhere...[with the consequence that]...Different cultural preferences, national tastes and standards, and business institutions are vestiges of the past (ibid.: 93 & 96).

There are clearly a number of interesting issues which arise from such a stringent expression of support for the homogenisation of consumer preferences, trends, and attitudes, not least the extent to which such a process is synonymous with such value laden terms as, 'Americanisation', 'Western cultural imperialism' or 'Coca-colonisation'² (McKay, 1997; Spybey, 1996; Waters, 1995).

On the more pragmatic question of the extent to which Levitt's typically forceful argument is supported or rejected, Roper and Brooks' (1996) utilise the international hotel industry to provide a useful review of some of the debate engendered by the 'globalisation of markets' thesis. A key point of this review is Roper and Brooks (1996: 102) rejection of the extreme position adopted by Levitt, in suggesting a third way between the poles of total standardisation or differentiation: 'In reality, neither across-

² Similarly Ohmae (1985) has talked of the 'Californianisation' of the young within the 'Triad' and Ritzer (1996) has railed against the pernicious standardisation and homogenisation inherent in the 'McDonaldization' of society.

the-board (complete) standardisation nor total adaptation represents reasonable business'. The view of Roper and Brooks reflects much of the prescriptive and practitioner-oriented literature that has emerged on the question of the internationalisation of services. Therefore the debate has been variously expressed as 'high international standardisation' versus 'high local differentiation' (Mathe and Perass, 1994), 'standardised core product' and 'localised supplementary services' (Lovelock and Yip, 1996), 'global positioning' or 'local adjustment' (Edvardsson *et al.* 1993), and 'national responsiveness' or 'centralisation of innovation' (Campbell and Verbeke, 1994). Of these expressions of the standardisation versus differentiation dialectic, Mathe and Perass, and Campbell and Verbeke essentially report organisations adopting an either/or strategy³, whilst Lovelock and Yip, and Edvardsson *et al.* suggest a more explicit and inclusive 'think global, act local' strategy. To add greater detail to this question of standardisation versus differentiation, attention now turns to a discussion of the work of the above named authors.

The interesting point which emerged from the research conducted by Mathe and Perass (1994) lies in their recognition that one of the reasons for high levels of standardisation is the retention of the 'foreign' or 'exotic' appeal of a service product upon which firms may seek to gain competitive advantage (and see Chapters 7 & 8 of this thesis for a discussion of how this appeal is manifested in the case study organisations).

Alternatively Mathe and Perass also maintain that many service organisations will seek to differentiate their offerings to reflect local tastes and customs. For example, they suggest there may be a need to address questions of cultural emphasis, and outline differing orientations such as egalitarianism in Scandinavia, the continuing influence of the class system in Japan, England or France, meritocracy in the United States and a composite of these typologies in the multiple systems of Switzerland and Italy. To illustrate this point

³ Although even Mathe and Perass (pp. 73-6), and Campbell and Verbeke (pp. 98-101) outline how a range of service organisations, who generally seek standardisation, have made minor compromises to local conditions, including McDonald's.

Mathe and Perass, draw on these classifications to declare that the Europeans retain a sense of formality in, for example, high calibre hotels, which may be anathema to an American expecting a more informal, friendly, warm and hospitable welcome. Consequently, they suggest that in internationalising, organisations should adopt an appropriate strategy of standardising or differentiating based on clearly defined motives and incentives, and a thorough identification of competitive advantages.

Likewise, Campbell and Verbeke (1994) report research undertaken in nine multinational service companies, including the Four Seasons and Sheraton hotel companies, to suggest a similar underlying rationale for organisations' growth strategies. Thus, having first noted the fundamental challenge of balancing local demands against a global vision, they go on to suggest that, as a result of the inherent characteristics of service, 'it seems likely that centralised innovation in the home country and high national responsiveness cannot be achieved simultaneously, even with sophisticated telecommunication systems' (ibid.: 97). Consequently on the basis of their analysis of the business strategies of the firms in their research they go on to argue:

Firms were either very nationally responsive (whereby subsidiaries abroad were allowed to engage in decentralised innovation), or they tended to focus on centralised innovation which reduced the potential of subsidiaries to be nationally responsive (ibid.: 98)

Companies then which sought to centralise innovation, including Four Seasons and Sheraton, expected subsidiaries to operate according to tight guidelines and directions from the parent company, particularly on the question of quality control and service consistency. Campbell and Verbeke conclude that firms should develop a strategic capability which allowed either for national responsiveness or centralised innovation, depending on the 'product' offered.

The implicit recognition of standardisation *and* (as opposed to *either/or*) differentiation which Mathe and Perass and Campbell and Verbeke largely eschew, is outlined rather more categorically by Lovelock and Yip (1996) and Edvardsson *et al.* (1993). Lovelock and Yip recognise that the features of 'customer involvement in production' and 'people as part of the service' may conceivably limit the potential for commonality across a range of locations, though this may well be dependent on the industry under consideration. The likelihood being that many services may be amenable to standardisation, particularly where customer involvement is likely to be limited and tightly controlled, with the obvious example being fast food. However, in acknowledging the aforementioned notion of the 'flower of service' - and the need to add value via 'exceptions' - Lovelock and Yip argue that core products may be standardised but that equally there is scope for localisation via the supplementary services of the 'flower of service'. Furthermore in direct contradiction to Campbell and Verbeke they go on to argue that 'the nature of service delivery - at the point of consumption in many cases - makes both standardisation and customisation equally feasible' (Lovelock and Yip, 1996: 72).

This more textured analysis repudiating an *either/or* dualism is also supported by Edvardsson *et al.* (1993) based on results of research carried out in ten service companies, representing various service categories and all emanating from Sweden. The companies were at various stages in the internationalisation process although they had all been operating abroad during the last ten years at least. On the basis of interviews with a number of managers Edvardsson *et al.* first note the importance of attaining a strong position in the domestic market before organisations should consider internationalising. Relatedly, though, they also suggested that in their case study organisations internationalisation has actually led to improvements in the performance in the home market, partially reflecting the symbiotic effect of the new international condition whereby the exchange of personnel and ideas between the home and host countries is seen

to enhance organisational learning and development. On the wider question of standardisation versus differentiation Edvardsson *et al.* recognise the limitations of an either/or perspective in asserting that ‘While internationalisation in the literature generally is treated as a question of either global positioning or local adjustment...our study points to the importance of viewing it as a combination of local and global activities’ (ibid.: 90). This points to the need for both detailed adjustment and general transferral of expertise, and the strategy adopted by organisations may well be contingent upon the stage at which they are in the internationalisation process.

In this sense Edvardsson *et al.* delineate four distinct phases which all require differing organisational responses. The first of these is what they term the prospecting stage, where there may be a multiplicity of reasons for wanting to internationalise, such as a desire to compete globally, or interestingly, to allow for the accompaniment of Swedish customers abroad. Second, the introduction stage may involve some minor cultural adjustment, particularly if the host culture is markedly different from Sweden. Moreover such adjustment largely concerns mostly marketing activities, whilst organisational activities are more likely to reflect the Swedish business culture. Third, organisations may seek to adopt an increasingly decentralised approach during the consolidation stage. Finally, as organisations become more sophisticated in their approach to internationalisation, they may enter the reorientation stage wherein the company fully adjusts to local conditions and begins to seek new opportunities in other markets⁴. Once again Edvardsson *et al.*’s analysis is useful in outlining the fluid and complex nature of internationalisation which would seem to undermine the absolutist view of Levitt.

Hence it appears internationalisation varies both between companies and indeed sometimes within companies depending upon what the company does and where it

⁴ This notion of evolution over time can also be seen to have some resonance with Perlmutter’s (1969) typology of international orientations, which similarly outlines an evolutionary approach with the aim of reaching the ‘ideal’ world-wide/global outlook as represented by the geocentric approach.

locates, although this does not preclude homogenisation and standardisation. To reiterate that point is it worth noting a lengthy quote from Edvardsson *et al.* (1993: 88):

Our study shows that the organisation structure and control systems which are used in Sweden are also often successful in managing businesses abroad. Naturally, certain changes may have to be made for legal or cultural reasons. If, however, such changes are extensive, and if the company operates in several places with different control systems, the situation may become problematic. A better solution from our data appears to be to work with a basic common organisation, management philosophy, control system, economic reporting, risk handling and company culture.

From the foregoing then it can be seen that there may be scope for standardisation, which may partially reflect the homogenisation of consumer tastes, needs, and lifestyle and convergence of methods of operating within organisations. Equally, a more textured view can be sustained which recognises the potentialities of differentiation and divergence due to a wide range of factors. Again, the extent to which the case study organisations may be located within the foregoing debate remains a key theme which is extensively discussed in the findings of the thesis.

Nevertheless standardisation can be seen as a source of competitive advantage and indeed Segal-Horn (1993: 52) recognises that the ability of organisations to standardise has played a key role in the internationalisation of some parts of the service sector:

Many service firms contain 'hard' tangible components which are capital intensive, amenable to separation from the point of service delivery, and responsive to standardisation. In addition, core knowledge and

information-based assets of service firms are codifiable and transferable across national boundaries

This suggests a high level of standardisation in both the hardware of the physical product and the software of management styles and service delivery systems and this is manifested by the fast-food chains, as exemplified by McDonald's.

This approach would seemingly though take remove the spontaneity or 'moment of truth' out of the interaction between the service provider and the customer, and as a consequence is, *prima facie*, arguably less acceptable for service organisations such as international hotel chains, particularly those operating at the upper end of the market. Their source of competitive advantage is likely to stem from a perceived difference in the quality of the service offered to the customer so differentiation comes from organisations not only meeting, but in that glibest of phrases, exceeding customer expectations. This approach would suggest high levels of differentiation in service delivery systems and control of 'front line' staff in international hotel chains. Indeed, this reinforces the earlier recognition of the work of Lashley and Taylor (1998) who suggested that the similarities in the hardware of the tangibles have increasingly led organisations competing in the highly competitive mid to upper market segment of the hotel industry to differentiate themselves on the basis of service quality.

7. Conclusions

Drawing extensively on the work of Lovelock and Yip (1996) this chapter attempted to develop an understanding of the nature of the service sector. Lovelock and Yip's three 'lenses' were utilised to understand the difference between goods and services and the 'uniqueness' that this denotes in the way services are conceptualised. This was done via a discussion of intangibility, inseparability and heterogeneity. In particular the soft

aspects of the service encounter were identified as posing potential problems for service organisations, particularly in their management of employees in the front line. It was suggested that service organisations may attempt to manage the high level of interaction between the customer and employee by predominately seeking to either McDonaldisise their offering or alternatively offer a high quality interaction premised on highly skilled and trained staff operationalising techniques such as TQM and empowerment - an issue to be further discussed by examining the approaches adopted by the case study organisations towards these issues.

Having outlined the particular issues facing service organisations the chapter then went on to discuss how these issues are addressed as organisations internationalise. Levitt's (1983) 'globalisation of markets' thesis provided the context for this discussion. His belief in irrevocable standardisation and homogenisation was challenged by recognising the work of a range of writers who offer more nuanced accounts of the extent to which service organisations may seek to standardise as they internationalise. Whilst Mathe and Perass (1994) and Campbell and Verbeke (1994) suggest organisations will have a dominant orientation, they recognised this may take the form of either standardisation or differentiation. The key issue being the need for organisations to recognise which of these dialectical responses best fits their strategic capability. Conversely, the work of Lovelock and Yip and Edvardsson *et al.* argues for the possibility of both standardisation and differentiation such that organisations can combine global and local activities reflecting the need for both detailed adjustment and also the general transferral of expertise. Allied to that is also the recognition that there may be the possibility for organisations to standardise certain aspects of the 'hard' tangible part of their product, such as the hotel room, whilst simultaneously seeking some differentiation in the 'soft' aspects of the service delivery system and the service encounter. These issues will be further developed in the description of the case study organisations internationalisation strategies, with a review of the hardware and software of the companies' corporate culture.

Having discussed in some detail the wider sectoral context the thesis will now move on to a more comprehensive review of the industry in which this study is based - the international hotel industry. The chapter will first discuss internationalisation processes in the hotel industry and particularly the role played by American organisations, before going on to look more at recent developments and particularly emergent work which covers many of the issues discussed to date in this thesis.

CHAPTER 4 A REVIEW OF HOTEL INTERNATIONALISATION

1. Introduction

As discussed in the previous chapter it is crucial to fully understand the sectoral and industry context of the study and therefore this chapter offers insights into the development of the international hotel industry and the significant and influential role of American organisations in the process of internationalisation. A number of writers have identified how American companies initially dominated the international hotel sector but more recently there have been suggestions that such dominance is in decline. For example, Barge (1993: 117) notes that 'The industry is currently in transition from the present era (that of management efficiency, practised and dominated by American companies) to one as yet still indistinct'. Therefore, the chapter will attempt to understand the defining features of this American model of hotel internationalisation and determine if, as Barge suggests, it is in decline.

The discussion will also allow for the delineation of several important current trends in the management and organisation of the international hotel industry. Go and Pine (1995) outline several key shifts which characterise the evolution of the international hotel industry in the 1980s. Clear trends to emerge include: control (and the attendant hegemonic role ascribed to American organisations) passing from American to British, French, Japanese and Scandinavian companies; the increased incidence of merger and acquisition activity in hotel chains (for example, Holiday Inn being acquired by Bass); the pronounced shift from a single brand strategy to a multi-tier brand strategy; and increased recognition that effective management of human resources is seen as the most critical issue facing the international hotel industry. These issues provide the context for a review of some of the emergent research which is concerned with many of the areas discussed to date in this thesis, such as the centric profile of organisations, the role of international

managers and the possible converging effects of a burgeoning 'best practice' approach to human resource management.

2. A model in decline?

Litteljohn and Roper (1991: 210) observe that:

The past 30 years have been a dynamic period in the internationalisation of the hotel industry. This internationalisation has been characterised by a growth of *American-type brands* (emphasis added), albeit that there has often been a change in the ownership of the parent company. These changes in ownership have given the industry a more truly international flavour, with Japanese, British, Scandinavian, Hong Kong and French operators.

This shift to a more 'truly international flavour' has led many to argue that the American influence in the international hotel industry has become increasingly marginalised (see for example, Barge, 1993; Go and Welch, 1991; Guerrier, 1993). Moreover, *prima facie*, this marginalisation would seem to have occurred at two levels: first in terms of the dilution of American ownership of the major world players (Litteljohn and Roper, 1991; Roper *et al.*, 1995: 4; Go and Pine, 1995); and second, and more importantly, it is also argued that there has been a decline in the American approach to hotel management which had previously been thought of as supplying a 'best practice' model (Barge, 1993).

The key question is whether this marginalisation is as complete as suggested above and whether it is characterised by a complete shift away from this 'best practice' model, or whether it has been more concerned with mediating and reconfiguring it. In this sense Go and Welch (1991) recognise that American multinationals did initially dominate the

international hotel industry, and provide a 'best practice' hotel management model. This transfer of management practices, standardised hotel formulas and modern marketing expertise was achieved as US multinationals followed the flow of American businessmen and tourists to Europe in the post-war period (Go and Pine, 1995). Go and Welch (1991) argue that over time European multinationals firstly adopted and then subsequently adapted these management techniques and in doing this added a 'European flavour', which has subsequently been re-exported back to the USA and elsewhere. Relatedly, there is also an increasing awareness of a distinctive style emerging from Asia Pacific, as exemplified by a more long term orientation in the strategic approaches adopted by Asian multinational hospitality companies (Go and Pine, 1995). Such approaches are set to become increasingly important as foreign direct investment (FDI) from Asian multinationals continues to grow. Parker (1995) speculates that by the year 2019 half of the top ten hotel chains will be Asian owned. Indeed, this also exemplifies the greater internationalisation of multinationals generally and in particular the rise of multinational enterprises originating in the rapidly developing societies, such as the 'Asian Dragons' (Waters, 1995).

The mediation by host countries (and regions) of 'best practice' models is not new and is, for example, also recognised by Elger and Smith (1994) discussing the automobile industry. They recognise that FDI often meant that American and Japanese companies were 'carriers of new standards and repertoires which shape, but also are reshaped by, the particular conditions within their host environment' (ibid.: 45). This notion of the export and re-export of operating techniques and management models would seem to be integral to reviewing the American model of hotel internationalisation, and suggests several questions which the chapter will attempt to answer:

- what exactly was this influential American model?
- what effect did it have on the hospitality industry outside America?

- how and to what extent has it declined?
- what has been the effect of such a decline? and;
- if there is a recently emergent new approach is it significantly different, and in what ways?

3. The early years of the American hospitality industry

Barge (1993: 117) argues that ‘The international hotel industry has gone through at least two management eras in the last one hundred years, during which operating philosophies and values have been clearly shifted’. The first of those eras, which Barge characterises as ‘the European hotelier’, saw the development of ‘modern’ hotel management beginning in Europe around the mid-1800s. This development was driven by the increased travel opportunities offered by the industrial revolution which allowed the landed gentry to stay in the ‘grand’ hotels of Europe. These ‘grand’ hotels were independent and family run and in time produced hoteliers like Cesar Ritz, a name synonymous with luxury (Guerrier 1993). Soon these pleasures became available to the burgeoning middle class, who took advantage of the coming of mass tourism (Urry, 1990).

At the centre of this emerging hotel industry was Interlaken in Switzerland, which later allowed for the development of the Swiss paradigm of hotel management education, embodied most obviously in the Lausanne Hotel School (Guerrier, 1993). This Swiss system placed a greater emphasis on the operational side of the hotel as opposed to business issues which were likely to be the responsibility of a separate person, or the owner of the hotel. The operations manager was concerned wholly with the guests, and this style of management was personified in the label of ‘hotelier’ (Barge, 1993).

Barge (1993) asserts that in many respects the pattern of development of accommodation in North America, was similar. The major difference lay in the rise of hotels which were

much more commercially driven, and had less of a tradition of family ownership. Woods (1991: 93) argues that there has been no real scholarly historical analysis of the American hospitality industry and, accordingly, 'preferred management styles of the past remain a conundrum'. However, he does suggest that Taylorism might have influenced the industry, as hotels were expanding around the time scientific management was in vogue. Thus, although there is no accepted definitive view on the nature of the early American hotel industry and preferred management styles, the sources which are available seem to describe a quite specific set of practices.

Consequently the men who Barge (1993: 118) calls the 'early hotel magnates' developed an approach of 'systematised management efficiency'. This was later further developed by the 'giants' such as Conrad Hilton and Kemmons Wilson (the founder of Holiday Inn), names synonymous with what Go and Pine (1995: 150) call the 'hotel chain phenomenon'. Nickson (1997) in reviewing the auto/biographies of several famous hospitality entrepreneurs offers an account of the early years of the nascent American corporate hospitality sector which emerged with the success of the likes of Hilton, Holiday Inn and Marriott. Conrad Hilton bought his first hotel, the Mobley, in 1919, describing it as 'a cross between a flophouse and a gold mine' (Hilton, 1957: 109). In this hotel Hilton established many of the procedures which would make him successful in later years, such as the maximisation of space and the need to engender '*Esprit de Corps*' in each of his hotels, these being the 'two principles that [were] basic in every one of [Hilton's] subsequent operations from Waco to Istanbul' (Hilton, 1957: 113).

Kemmons Wilson developed the idea for Holiday Inns (the first one opened in 1952) after the experience of what he called 'the most miserable vacation of my life' (Lee, 1985: 27). This was a result of the unpredictable quality and price of motels which Wilson had experienced. As a result of this, Holiday Inn was based and developed on the notion of concept standardisation, to ensure operational control and guest consistency. Wilson

soon enjoyed success with his concept, and began selling franchises in 1955, which made rapid expansion possible and indeed Go and Pine (1995: 276) suggest that the franchise strategy pursued by Holiday Inn 'is among the greatest success stories in US business'. In operating franchises Holiday Inn ensured that they applied strict operating standards and supplied franchisees with almost everything, apart from the land upon which the hotel would be built, in order to ensure there were 'no surprises' (Luxenberg, 1985). This was the beginning of a chain then that was to make its reputation on universality, quality and consistency (Lundberg, 1969), and as Teare (1993: 66) notes, 'The original Holiday Inn concept or "core brand" gained international recognition for setting and achieving consistently high standards in product design and service'.

A further sense of what this high degree of standardisation meant can also be found in the biography of J. Willard Marriott, founder of the Marriott Corporation, which was initially built around fast food outlets. Although Woods rightly believes this essentially hagiographic 'official' biography and other auto/biographies on Kemmons Wilson and Conrad Hilton seek more to 'glorify their subjects than to provide their readers with a good understanding of their roles in the history of the industry' (1991: 90), they do provide some useful and important insights (Nickson, 1997). In Marriott's case this can be seen in the descriptions of how the company expanded in its early years, and how such expansion was facilitated via strict standardisation and recognisably Tayloristic principles.

O'Brien (1977), Marriott's biographer, describes how the early years of the company were characterised by rigid standardisation and strict insistence on universal operating procedures via a small book 'setting forth company policies and the way he wanted things done with regard to operations, employee relations and customer relations, accounting practices and all other administrative procedures' (O'Brien 1977: 168-169).

This strict control survived as the company grew bigger and branched out into the hotel business and as Lee (1985: 31) notes:

Although he differed with his father on the speed of expansion, Bill Marriott did not abandon his father's principle of central control of operations. As a result virtually every operating detail is specified in large manuals, and decision-making is centralised at the regional or corporate level.

One final description of the emergent management model of the American hospitality industry is outlined by Vallen, Abbey and Sapienza (1978), who elucidate very clearly how Ernest Henderson (the founder of Sheraton) meshed management efficiency with scientific management in the 1950s:

As recently as two or three decades ago the stature of a hotel man (*sic*) was often measured by the extent of his personal charm, the degree of his individual popularity and by the number of people he could greet by name. Today the axis is shifting. Maybe we are sacrificing some of the industry's picturesque glamour on the altar of hard facts, know-how and a familiarity with the tools of scientific management. But it is these latter that pay off when the monthly system or annual report is issued. A hunch sometimes pays off, but facts and knowledge pay bigger dividends. Modern competitive conditions demand a scientific approach (Vallen *et al.*, 1978: 30, cited in Guerrier, 1993: 5)

What has been described, albeit within the scope of relatively limited available evidence, is an emergent model of hotel management in the United States, based on management efficiency, standardisation, consistency, and the systematic rigidities of scientific

management. It was such a model which was to be exported by the newly internationalising American companies, as they began their 'invasion' of Europe, and to a lesser extent the rest of the world (Go, 1996).

4. The American model of hotel internationalisation

Alexander and Lockwood (1996), Go and Welch (1991), Go, Goulding and Litteljohn (1992), Go and Pine (1995), Guerrier (1993), and Litteljohn and Roper (1991), all describe an internationalisation process which drew heavily on the certainties offered to the American hotel chains in their home country. As these firms began to serve markets outside of their home country, they did so in a resolutely 'American way'. Go and Welch (1991) believe that international hotel operations began in the 1940s with the creation of Intercontinental by Pan American World Airways in 1946. This was the start of an internationalisation process, were American-branded organisations, 'saw the potential of catering for international travelling markets, although inevitably they placed a heavy emphasis on their American parentage in the style of their operations and management' (Go *et al.*, 1992: 53).

Companies like Hilton, Holiday Inn, Intercontinental and Sheraton were concerned, then, with creating a, usually upmarket, home-away-from-home for American travellers, particularly business travellers (Alexander and Lockwood, 1996; Go and Pine, 1995: 278-81, 331-3). This is clearly illustrated by a passage from Boorstin (1963: 106) who cites Conrad Hilton describing the opening of the Istanbul Hilton in 1955¹:

¹ Conrad Hilton is often talked of in venerable terms as the 'founder' of internationalisation of the hotel industry, for example Strand (1996: 84) suggests that Hilton 'had the vision of what we now call globalisation back in 1947, but he did not have the means to achieve such a vision because the board of director wanted no part of it'. Nonetheless due to Hilton's pioneering spirit and his ability to persuade the board of the company to give him greater latitude Hilton did internationalise and Strand further suggests that 'The genesis of Hilton's - and the industry's - globalisation was a confluence of three factors, almost historic accident'. These factors were demand, the entrepreneurial spirit of Hilton and financing (see also Nickson, 1997).

When we flew into Istanbul for the opening with our guests from America, Carol Channing, Irene Dunne and her husband, Dr. Francis Griffin, Mona Freeman, Sonja Henie, Diana Lynn, Merle Oberon, Ann Miller, representatives of the American press...there is no question that we all felt the antiquity, romance and mystery of this ancient city...I felt this 'City of the Golden Horn' was a tremendous place to plant a little bit of America. Each of our hotels [Hilton announced at the opening] is a 'little America'.

As Boorstin wryly observes this nicely reflects 'the spirit of these new hotels' (1963: 106). He also goes on to offer his own criticism of the hotels, which he stayed in:

the Caribe Hilton and Istanbul Hilton...are both models of American modernity and antisepsis. They are as indistinguishable in interior feelings and design as two planes of the American Airlines. Except for the views from the picture windows, you do not know where you are. You have the comforting feeling of not really being there. Even the measured admixture of carefully filtered local atmosphere proves that you are still in the USA (Boorstin, 1963: 106).

This seemingly, though, was what the majority of American travellers were comfortable with in their search for the 'pseudo-event' (Boorstin, 1963), where they could disregard the 'real' world outside. Urry (1990: 7) describes this in terms of the familiar American-style hotels providing an 'environmental bubble' which 'insulates the tourist from the strangeness of the host environment', or more prosaically '*instant America*' (Comfort, 1964: 231, emphasis in original). This would also seem to exemplify the notion of an 'exotic' product being sold on the basis of its nationality, in this case it again being the selling of Americana or an 'American experience'². As Segal-Horn (1994: 53) argues,

² Strand (1996: 85, 87 & 92) in describing his role in the development of Hilton International offers some

though, this was apparently what the business traveller and tourist valued and expected, and as a consequence ‘international hotel chains (Hilton, Sheraton, Intercontinental) undertook to make the travellers experience of Tokyo, London, Milan or Sydney as similar as possible’.

This description of American hegemony, in both ownership and operating terms should not, in many respects, be surprising given the economic strength and political and cultural influence of the USA at that time (Spybey, 1996; Waters, 1995). This substantiates Ferner’s (1994: 94) view that the capitalist economy in the hegemonic position will often provide ‘methods of organising production and work organisation which establish standards of “best practice”’ (and see Chapter 2 of this thesis), within which the MNC is itself the key mode of diffusion of such practices. This view of America as the global hegemon was also articulated by Servan-Schrieber in the *American Challenge* (1968). Citing that work, Peterson (1993: 14) believes it demonstrated that ‘America was at the leading edge’, so consequently, ‘Countries hoping to compete with the United States would have to accommodate American ways of managing and American technology’. It is hardly surprising then that Dunning (1993: 9-10) outlines an ‘imperialist’ approach to internationalisation undertaken generally by American business in the post-war period:

the achievement of business goals was perceived to be a culture free phenomenon. Such a perception led to ill-concealed attitudes and inappropriate behaviour. For example, it encouraged a parochial and ethnocentric approach by both American business and government. The argument in the 1950s and early 1960s seemed to run something like this. US industry in the US is efficient; its technology, management and marketing skills are the best in the world. Therefore when a US industry

interesting counter evidence as to the extent to which Hilton sought to create an ‘American’ experience in Istanbul. Indeed, he argues that the arrival of a Hilton hotel often played a key role in reviving long dormant indigenous arts and crafts, as well as creating new jobs and facilitating the transmission of new skills to the local

goes abroad, US products, skills and production methods should follow...From the perspective of a hegemonic power, any reaction of other firms or governments to what US firms or the US government did or did not do was assumed to be of negligible significance

Similarly, Barham and Rassam (1989: 43) describe the 'American Way', as a role model which was based 'on strong central control from the USA'. The approach then to internationalisation followed by the American companies in the hotel industry can be seen as an exemplar of this 'Amerocentric' approach. The 1950s and 1960s continued to see the success of a model which promised certainty and consistency for the guest, built around the exporting of a standardised product (Teare, 1991; Go and Pine, 1995), within the strict control of strong centralised management systems, usually via 'manuals'. These 'manuals', as has already been noted, played an important part in ensuring consistency and common procedures, usually being characterised as Standard Operating Procedures, (SOP's).

Guerrier (1993) offers some interesting insights as to the nature of such SOP's by citing discussions from the participants of focus groups who were attempting to draw up a 'Corpus of Professional Knowledge', for the Hotel Catering and Institutional Management Association (HCIMA) in 1977. These describe the American approach in more detail and suggest a recognition of the 'uniqueness' of the American approach by those working in the industry. For example, one British manager recognised the influence of the tight control via systems and 'manuals' in his suggestion that 'The Americans seemed to have more business-like systems and revolutions occurred when they became involved in business', while another British manager believed the Americans 'were brash and new and they had a lot more systems - the manuals' (both cited in Guerrier, 1993: 7). There was also a recognition of the more business-oriented approach which seemed to

workforce.

delineate a qualitatively different style to that characterised as the 'hotelier' (and see Strand, 1996). This point is also made by Go (1996) who suggests that a corollary from this more overt pursuit of profitability was a desire on the part of American hospitality chains to seek to standardise units across the world, by operating a specified business format throughout the world such that 'The strength of such a format is derived from spreading a centralised activity over a large number of units' in order to save costs' (Go, 1996: 2).

5. New approaches?

This approach and its implications was also seemingly recognised by other companies explicitly seeking to delineate alternative styles to organisation and management. For example, Barham and Rassam (1989: 39) cite an executive from the French tourism and hospitality company Accor, who felt that:

In the 1960s American companies came in very strongly and emphasised common procedures for overseas operations. We don't do that. Our flexibility and ability to adapt to the local environment is the big difference that we have with the Americans. We are not imperialist.

Nonetheless by the 1970s American companies largely dominated the international hotel industry, both in ownership and operating terms. Dunning and McQueen (1982) found that in 1978, eight of the top ten international hotel companies were owned by American based companies. They also revealed that of 81 multinational corporations operating 1,025 hotels and 270,646 rooms, 22 were American operating 508 hotels and 56 per cent of internationally held rooms. However the same survey also revealed that at least in ownership terms there was some diversity, with French and UK domiciled companies accounting for respectively 13 and 12 per cent of internationally held rooms. On the

question of operating procedures, if anything there appears to have been even greater standardisation. Certainly Crawford-Welch (1992: 98) notes, 'The 1970s saw the international hospitality industry passing through a period of intense standardisation, whereby the provision of a single standard product, operated almost independent of unique locational influences, was the norm'.

This would seem to exemplify Ritzer's (1996) Weberian critique of an increasingly McDonaldized society, which is based on efficiency, calculability, predictability and control. Indeed, it may well have been the 'efficiency, speed, predictability and impersonality of McDonaldized systems and services' (Ritzer 1996: 178), which was so attractive to the American traveller. Ritzer cites the hotel industry to argue that the emergence of highly standardised accommodation developed by the likes of Best Western and Holiday Inn was the inevitable result of rationalisation, scientific management and mass production assembly lines.

It is argued though that the 1980s saw a 'significant growth in the international nature of the hotel industry' (Litteljohn and Roper, 1991: 200), with the arrival of newer non-American companies, and the dilution of US ownership. For example, the French-owned Accor group grew from 45 hotels in 1978 to over 2300 by 1996 (Accor Press Pack, 1996). Equally, three of the major American players were sold to British companies, thus the Holiday Corporation sold its interests in Holiday Inn to Bass, Hilton International was acquired by Ladbrokes, and Intercontinental was sold to Grand Metropolitan, who subsequently sold it on to Seibu Saison of Japan. The American owned Ramada chain was also sold to the Hong Kong-based New World group. Indeed, Go and Pine (1995) characterise the rise in mergers and acquisitions as critical to the dynamism, fluidity, and complexity of the international hotel industry.

Further changes in the 1980s include the emergence of what Go and Pine have termed multi-tier branding, which at one level would seem to connote the continued decline in the American model, so described. This is in terms of the shift from the provision of a single, luxury or up-market brand to a stable of brands which seek to cater for a range of customer tastes. By this method, large companies are increasingly able to sustain rapid expansion in terms of moving into new regions and locations and also by seeking to enter new market segments. On the latter point, this segmentation means that most of the big international hotel groups are likely to offer several product lines that are aimed at every type of traveller, and this delineates a move away from the provision of a single, usually up-market, product which characterised the American model of hotel internationalisation (and see Table 4.1).

Table 4.1 Classificatory system for market segments

<p>0-2 star brand - Economy/Budget hotels</p>
<p>Aimed predominately at the blue collar worker, students and families who are looking for a predictable product at the lowest possible price. They are formulaic in design - many of the hotels are custom built, factory made units which are assembled on site - and are as fully automated as it is possible to be, with, at the 'hard budget' 0 star level, virtually no staff or service provision. There may be no restaurant facilities - although there is usually a nearby outlet if there is no provision actually in the hotel, bathrooms are frequently shared, and it is possible that everything can be settled by credit card, without the need to see any staff (Mather and Todd, 1995; Ward, 1987).</p>
<p>The mid-market</p>
<p>Encompasses a wide variety of brands which are located in this segment. This variety will also extend to the 'product' offered, e.g. some brands will have a swimming pool and other leisure facilities, some will have 24 hour room service. There will though be certain core features found in all hotels operating at this level of the market, such as en-suite bedrooms, 24 hour reception, range of food and beverage provision (Conway, 1996; Mather and Todd, 1995).</p>
<p>4 star - luxury</p>
<p>Certain expectations in both the hardware and the software with elements like extensive leisure facilities, varied food and beverage provision and high or excessive levels of service being <i>de riguer</i>. Much of the competition in this market is at the 4 star or upscale level, rather than the out and out luxury or de luxe end of the market (Mather and Todd, 1995).</p>

This process of segmentation, (widely attributed to Robert Hazard of Quality Inns, now Choice Hotels International, which interestingly enough is an American hotel company), can be traced to the early 1980s and has quickly infused the strategic approaches of the major players. Alexander and Lockwood (1996: 464) suggest that the adoption of multi-tier branding by a variety of the bigger players is based on the recognition of two key factors: namely the attainment of market presence to pre-empt competitor's expansion; and the opportunity to transfer knowledge between markets. Clearly, then, multinational hotel companies have the ability to trade across a variety of market segments and locations and within that are likely to adopt a contingent approach to any given opening to ensure optimum success for new units. For example, the up-market offering of a hotel group is likely to be found in high profile cities, while the budget hotels would ordinarily be catering for automobile travellers and are largely found on main roads and highways.

6. A reappraisal of the decline in the American model

Although, as has already been suggested, the shift to a multi-tier branding strategy at one level could be seen as a shift away from the American model - which was initially concerned with the provision of one single up-market product, in reality the underlying rationale for this multi-tier branding can still be seen as standardisation, certainty and consistency. Indeed, the development of 'hard' budget brands arguably represent the apotheosis of the American model in their absolute functionality, certainty and consistency. Also the fact that multi-tier branding is an American innovation may be an important fact. Alexander and Lockwood (1996) maintain that the US influence in the hotel sector has been considerable, particularly in the transfer of innovation across national boundaries. As we have already noted, this has taken a variety of forms, with multi-tier branding just the latest and most prominent example. In a more concrete sense, despite the acquisition of several well known American companies - particularly Holiday Inn (by the British owned Bass) and Hilton (by the British owned Ladbroke's) - the

dominance of American chains is still apparent in *Hotels* annual ranking of the world's biggest hotel groups (*Hotels*, 1997). In ranking the top 200 corporate hotel chains, *Hotels* report that of the top 15 hotel groups, 10 were American.

Relatedly, Mather and Todd (1995) also recognise that a consequence of American hegemony of the early years of the hotel industry is that even though there may have been a shift in ownership, there is, it seems, a residual and somewhat amorphous notion of American influence within such hotels:

While some of the large chains are no longer American in ownership - to take Holiday Inn and Intercontinental (British and Japanese respectively) as two significant examples - many nevertheless have their roots and culture based in North America and can be regarded as American in spirit if not in fact (ibid.: 54)

Indeed, they go on to suggest that in the general public's eyes, it is unlikely there is any real awareness of who owns what, and as an example, most people would still consider Intercontinental as American, or at the very least Western owned, and similarly both Holiday Inn and Hilton would be perceived as American. Moreover the lack of awareness of ownership of these famous names extends to academia. Kumar (1995) exemplifies this in his work on post-modernism, when in discussing globalisation he notes how this concept is often synonymous with standardisation and homogeneity, and the 'global product'. To illustrate this assertion he suggests we should look to the 'global marketing of McDonald's and Mickey Mouse, Dallas and Disneyland, Hilton and Holiday Inn' and just to make his point clear adds in parenthesis, 'the American provenance is of course significant' (ibid.: 189). Consequently, it is argued that the American influence on the international hospitality industry is still major and pervasive and the American model has proved very durable, and acted as an exemplar both in the past as well as

contemporaneously. Nonetheless, the notion of the durability of the American model may be overly static in terms of a change of emphasis. In this sense the paradigm of systems, consistency and predictability may have been increasingly reconfigured within the rhetoric of human resource management and the effective management of people.

Therefore, although Barge (1993: 125) implicitly claims that the American model has reached the end of its effectiveness in the international hotel industry by concluding that 'The management systems which were so successful in providing consistency of experience and efficiency all over the world have contributed as much as they will be able', it would seem that American influence is not wholly diminished, both in relation to actual ownership and in many aspects of the hardware. The key point would seem to be not that the American model is wholly redundant, in that standardisation and the creation of a branded home-away-from-home is still clearly a major part of the competitive strategy of international hotel groups, whatever the country of origin. Rather, the key would seem to lie in the increasing insistence that competitive advantage is likely to lie in software mechanisms, i.e. the role of managers and employees as evidenced by Barge's follow up question to his earlier recognition of the limits of systems and the physical product as a source of competitive advantage. Thus he asks 'What management philosophy will be necessary to succeed into the next century?' (ibid.: 125).

This shift from the notions of systems to philosophy is interesting in denoting a greater awareness of the software rather than the hardware, which many organisations are less likely to see as a source of real competitive advantage. In this sense, intensifying competition has resulted in the major hotel companies increasingly seeking to differentiate themselves by offering a specific corporate approach or 'way' to characterise the delivery of a quality service. This has meant that increasingly the systems embodied in the manuals have been overlain with the use of a multiplicity of software techniques such as mission statements, TQM, empowerment, functional flexibility/multi-skilling, and high

levels of training and development. The extent to which the case study organisations manifest these software mechanisms is an issue which will be significantly developed in the findings of this thesis.

In sum, the foregoing part of the thesis has attempted to develop a clear understanding of internationalisation processes in the hotel industry, and particularly the key role played by American organisations. A fundamental aspect of this was the high levels of standardisation which often characterised the internationalisation strategies of hotel chains and the creation of a home away from home for the American and more latterly the international traveller. Despite developments such as segmentation the contention is that standardisation of the physical product remains a key part of the competitive strategy of international hotel groups. However it was also recognised that increasingly international hotel groups were more likely to be seeking competitive advantage via the softer aspects of their offering, most notably by attaining high levels of service quality. These considerations are important to contextualise the next part of the thesis which reports on the limited amount of research that has emerged on issues such as centricity, the role of international managers and whether organisational policies and practices may be converging towards notions of 'best practice'. These are, of course, issues which have been discussed at some length in Chapters 1 and 2, and the intention of the discussion that follows is to locate some of the more general considerations in those chapters within the specific context of the international hotel industry.

7. The impact of centricity in the international hotel industry - the work of Roper *et al.*

Roper *et al.* (1997 & 1998) report on-going research which seeks to examine the factors that influence and determine success for international hotel groups in the global market place. They argue that centricity - defined by them as an approach to international

management - 'has been identified as one of the factors that influence all business decisions and their subsequent successful implementation' (1997: 371). Consequently they examine the possible causal relationship between centricity and organisational success and particularly whether organisations should be seeking to move to the geocentric 'ideal'³. Interestingly they disaggregate centricity at a number of levels both in terms of orientation and functional areas of management. First, they suggest that centricity can be viewed from three interrelated perspectives: management's mind set and the attitudes and beliefs of key senior managers in the organisation; corporate strategic predisposition and the way this will shape the company's mission, governance structure, strategy, organisation structure and organisational culture; and finally, subsidiary level predilection. Of these, Roper *et al.* suggest that the first two have the most influence, particularly in the way that management attitudes and beliefs will inform and dictate strategic and operating decisions.

Roper *et al.* also explicitly delineate the possibility for differing orientations within the functional areas of marketing, finance and accounting and human resource management. In relation to marketing and whether organisations seek standardisation or adaptation, Roper *et al.* (1997: 375) contend 'that the degree of standardisation sought by an organisation will be influenced by its centric profile; a firm seeking greater standardisation will be more likely to have an ethnocentric management orientation'. This view is rather unsustainable, given that many organisations in the international hotel industry have traditionally sought and continue to seek high levels of standardisation in the product, without necessarily pursuing an ethnocentric approach to management. Hence, whilst a clearly 'ethnocentric' approach might be discerned towards marketing, it is perhaps questionable that this is axiomatically and causally linked to how an organisation views its human resource management strategy (and see Chapters 6 and 7 of this thesis). Such a strident view also

³ This idea is nicely captured in a quote which exemplifies the sometimes overly prescriptive and evangelical view of the need to pursue the 'holy grail' of transnational or geocentrism, thus Roper *et al.* (1997: 384) cite Calof and Beamish (1994: 10) who propose that 'most firms can survive being ethnocentric or polycentric...but

rather negates some of the usefulness of Roper *et al.*'s approach, which allows for a nuanced view of elements of both the hardware (i.e. the physical product), and the software (i.e. management styles and approaches to human resource management). Therefore an organisation could conceivably pursue an ethnocentric marketing strategy and at the same time also pursue a polycentric or geocentric human resource management strategy. Moreover there is also the possibility for disaggregating differing organisational responses within broader market segments, an obvious example being that the budget sector offering would be more likely to be more ethnocentric, than the more up-market offering which may admit to some local adjustment and a polycentric approach (see for example Teare, 1993).

A further usefulness of Roper *et al.*'s work is their recognition that a variety of other issues will conceivably impact upon the centric profile of the international organisation. This is particularly important from a methodological standpoint as these further variables have a range of implications, as Table 4.2, derived from Roper *et al.*, (1997: 382-384), suggests (some of the issues engendered by this are further discussed in Chapter 5).

Table 4.2 The impact of a number of variables in assessing centricity

<u>ISSUE</u>	<u>METHODOLOGICAL IMPLICATION</u>
Origin of the firm	Need to investigate a range of hotel groups from diverse origins and different home countries.
Size of the firm	Need to investigate possible effects of total size of hotel group.
Length of time operating as an MNC	Need to include a range of hotel groups who have differing time spans of internationalisation, especially in relation to the possible evolutionary nature of internationalisation.
Range of firms	Or within the international hotel industry, need to examine differences/similarities in centricity in differing brands, from luxury to budget.
Means by which international operations established	Need to assess the effects of differing modes of expansion on centricity, so for example, Roper <i>et al.</i> posit that joint-ventures and franchising may be polycentric.

the evidence is strong that geocentric firms are more successful in the global marketplace'.

To date, Roper *et al.* have only reported limited results from the research, though this still makes for interesting reading. For example, Roper *et al.* (1998) report on the findings from one hotel group, which was owned by a conglomerate and operating in 70 countries. The group's approach is assessed within two key themes - 'Company Man' and the 'international hotel customer' - themes 'which powerfully depict some of the underlying tensions characterising the management of a sophisticated multinational business' (ibid.: 328). These themes will now be discussed.

7.1 'Company Man'

Roper *et al.*'s (1998) characterisation of 'The Company Man' is a recognition of the group of people who have been most successful in making progress in the organisational hierarchy of the case study company. Thus, although the company seemingly had a 'think global, act local' approach, in reality senior managers seemed to be drawn extensively from one group, so the typical general manager was a white, Western male. Ostensibly, though, the group was trying to encourage a more global orientation. For example, senior managers were expected to travel extensively within the company, casting off their national roots, and this is nicely illustrated by the view that the 'company passport' was considered to transcend any national passports managers held. However as Roper *et al.* (1998: 334) note 'On the surface the emphasis on international experience and the development of a strong "international" culture appear to be geocentric...[but] the concept of international used is heavily influenced by Anglo-Saxon values which permeate the group'. This situation is exacerbated by the routes available to a general manager's position which Roper *et al.* suggest are discriminatory to non-western company members and consequently although 'the development avenues appear to be open to the world, the criteria set for success derive from the group's vision of what is international, already

demonstrated to be culture bound, and on the characteristics of a group of male Western managers' (ibid.: 335).

Roper *et al.* detail how the company recognised this disjuncture between their rhetoric of geocentrism and the reality of a predominance of white, Western general managers. As a consequence the company had begun to take some steps to address this issue by recruiting overseas graduates from Westernised hotel schools. However the extent to which this really addresses the issue is questionable and as Roper *et al.* note these graduates were likely to be considered ideal due to their exposure to western ideas/culture and also due to them sharing the group's concept of what denotes 'international' standards. Roper *et al.* (1998: 336) question the extent to which this really addresses the problem and suggest that 'A more radical, and we could say more truly geocentric way, might be to question whether the existing norms, expectations or criteria for success are limiting and in need of review'. So the prescription offered by Roper *et al.* to rectify this situation is the development of more local (host country(ies)) talent and by drawing on non-western culture.

7.2 The international hotel customer

Running alongside the above considerations is the expectation of the international hotel customer. It has already been noted how a key feature of internationalisation of the hotel sector was organisations seeking to respond to the needs and wants of the American and more latterly international business traveller. This rationale for how multinational hotel enterprises develop their approach is still apparent and is very much exemplified by Roper *et al.*'s (1998) findings. The company has increasingly targeted a core 'key' customer group, i.e. the business traveller, who tended to be, in the words of several corporate officers interviewed by Roper *et al.*, 'frequent travellers from multinational companies', 'sophisticated business travellers' and 'a person travelling from one

continent to another'. Moreover on the basis of market research by the company their customer group needs and wants, when travelling internationally, seemed to be converging. As a consequence any adaptation of the physical product tended to be very marginal. So, in effect, these minor adaptations, are in Brotherton and Hopping's (1998: 13) words, '...cosmetic, rather than fundamental, with the extent of local variation being held in check by the ratchet effect of protecting the concept'. Overall, then, Roper *et al.* (1998) suggest that the group sees the importance of standardisation and that such standardisation is ethnocentrically oriented, with little real attempts at localising the product.

In sum, on the basis of their initial empirical research Roper *et al.* (1998) recognise that any attempts to become more geocentric means the need to develop more local and third country employees and also mechanisms to improve sharing different ideas from across the whole organisation and not just the dominant Anglo-Saxon orientation. This clearly poses a number of problems for the organisation seeking to move in a evolutionary way towards a more geocentric approach and consequently 'The case has demonstrated that the notion of centricity is very complex...[and that] Maintaining a global strategy as well as local autonomy is a challenge for the group in the future' (*ibid.*: 340).

8. The role of international managers in the corporate hospitality sector

As has already been extensively discussed in Chapter 2 a key signifier of an organisations approach to internationalisation is their use of parent country nationals (PCNs), host country nationals (HCNs) and third country nationals (TCNs). Broadly speaking an ethnocentric approach is reliant on utilising PCNs to spread the corporate 'glue' and this is the primary means by which a variety of units are co-ordinated and integrated. Within the polycentric approach there would be much greater use of HCNs, as they are considered crucial in managing the process of localisation which is characteristic of this

approach. The final approach of geocentrism is when organisations select the best person for the job regardless of whether they are PCNs, HCNs or TCNs. In relation to the international hotel industry the very small number of extant studies undertaken in this area offer no compelling evidence as to what is the dominant orientation adopted by organisations.

Gliatis and Guerrier's (1994) report on research conducted with a small-scale sample of several expatriate managers. The research was based on interviews conducted in four large international hotel companies with seven personnel specialists and eight hotel managers (all from different countries and interestingly all male), on assignments outside their home country. The research was carried out in the UK and in Greece and sought to answer several key questions (Gliatis and Guerrier, 1994: 230):

- why and how do hotel chains use international assignments for managers?
- when would they seek to fill a post with an expatriate manager and when with a local manager?
- how is the use of expatriates changing?
- what problems do they perceive in their use of international transfers?
- what type of person is attracted to an international career?
- what do managers who follow international career paths perceive they gain from this type of career path? and
- what do they perceive as their main problems?

The main focus of this research was why expatriate managers fail, although Gliatis and Guerrier do tangentially address wider questions on organisational strategy towards crossing national boundaries. Thus, they cite the work of Edström and Galbraith (1977) to suggest that companies would ordinarily see the rationale for expatriation as comprising three main reasons. The first of these is to solve specific staffing problems in

a particular location, for example, a lack of suitably qualified personnel. The second is as part of a management development process, thus managers would benefit from the exposure to a range of countries, cultures and international issues. The final reason would be as a process of organisational development, whereby transfers are seen as encouraging global co-ordination, integration and commitment to the company. A further element to this may also be more control-oriented, in the sense that organisations will seek to integrate via the use of (usually home country) expatriate managers to spread the co-ordinating 'glue' of corporate culture to ensure that organisational practices and policies are 'correctly' followed. As a result of the research Gliatis and Guerrier also added a fourth reason as suggested by the personnel specialists, namely the use of expatriation as a tool for motivating and retaining managers within a company.

Gliatis and Guerrier found evidence of all of these strategies in their research and also found that expatriation tended to be more appropriate for operational roles, such as general manager, resident manager, food and beverage manager and rooms division manager, whilst locals would ordinarily fill the positions of personnel managers, financial managers and chief engineers due to their local 'expertise'. In relation to organisational orientation Gliatis and Guerrier rather glibly suggest that the companies in their sample operated predominately geocentric or polycentric approaches without ever really offering any convincing rationale for such an assertion.

D'Annunzio-Green (1997) reporting on research within five international hospitality organisations - representing the airline, fast food and hotel sector - similarly suggests that her case study organisations were largely pursuing a geocentric or polycentric approach. Her work is useful both in its reporting of the research but also in terms of its contextual discussion of how organisations approach international management development (IMD). Consequently it allows for a review of the extent to which the case study organisations in this thesis can be considered as exemplifying a geocentric approach. Thus an organisation

which aspires to a more global outlook faces a number of issues in terms of approaches adopted to things such as: international career pathing, organisations developing international managers, adaptability of employees to new cultures and language and the effect of training and adaptation. Similarly D'Annunzio-Green (1997) cites Welch (1994) who suggests that MNCs intending to pursue a geocentric approach must address a number of questions, these being:

- is there a constant supply of mobile staff?
- can they be released on time from existing positions?
- is there a database advanced enough to manage a geocentric approach to training and development? and
- is the company willing to invest the time and money required to ensure such a system will operate effectively?

This leads D'Annunzio-Green (1997: 200) to suggest that 'For organisations wishing to develop a truly international manager, there needs to be a major transformation in managerial careers and development opportunities to enable the acquisition of the skills, knowledge and experience needed to work in a global market place'.

Seemingly, though, the sample in D'Annunzio-Green's research had endeavoured to address such issues, as based on a self-completed postal questionnaire sent to the senior human resources specialist within the organisations, three of the organisations are proclaimed as pursuing a geocentric approach, with the other two being characterised respectively as polycentric/geocentric and geocentric to regiocentric. This questionnaire was followed up with in-depth interviews with the human resource director in three of the organisations and this allows D'Annunzio-Green to add more detail as to why the organisations are characterised in such a way. For example, in a British-owned airline company, which is conceptualised as shifting from an ethnocentric to a geocentric

approach, a key role is increasingly played by HCNs and TCNs and all of the 30-40 graduates taken on to the company's management training scheme have to undertake a number of international postings during their training period. Allied to this the company also had a sophisticated database to track career moves and mechanisms to ensure all vacancies world-wide are notified to company personnel.

Similarly, an American-owned hotel MNC communicated all international postings via a computerised personnel data base. This company, also considered geocentric and committed in the words of the company themselves to “developing truly international managers” (ibid.: 204), selected international managers on the basis of good performance appraisals, a minimum of five years with the company and language proficiency in at least two languages. Additionally the selection criteria was also based on adaptability, international background and a high level of mobility. The common strand of a sophisticated computerised global transfer system was also found in the final organisation, a Japanese-owned hotel MNC. Again this company was considered geocentric and as part of their IMD had a ten year training and development plan which culminates in a general manager's position. During this time the candidates, who theoretically could come from any country, would undertake a part-time MBA and placements in at least three countries to encourage mobility, cultural empathy and global business awareness.

In sum, Gliatis and Guerrier's and D'Annunzio-Green's work is useful in pointing to the likelihood of organisations within the international hotel sector adopting different approaches to internationalisation and their utilisation of international managers. In particular, the attempt by D'Annunzio-Green to add greater detail as to what may denote a geocentric approach is useful in suggesting a range of organisational practices and policies which appear crucial in facilitating such an approach; and in the process provides a template to assess claims to geocentricity by the case study organisations in this thesis.

A further issue which arises within this context is, what exactly are international managers likely to be transferring? and what is the likely impact of this on organisational and managerial practices across the globe? To answer those questions the chapter will briefly review the work of Nankevis and Debrah (1995) and Jansen-Verbeke (1996) on the transferability of management styles and human resource practices.

9. Convergence or divergence of managerial practices in the international hotel industry?

Nankevis and Debrah (1995) report on contemporary management practices in a selection of hotels in Singapore and Australia to discuss common and disparate themes within diverse national, cultural, social and labour market environments. The basic premise of Nankevis and Debrah is that the hospitality industry is increasingly looking to human resource management to enhance organisational success and competitive advantage. To test this they used a questionnaire with 35 multiple choice questions, which were occasionally supplemented by open-ended follow up comments for clarification or enlargement. The questionnaire was divided into four major categories: type of hotel; employee details; personnel management/HRM practices; and guest feedback. There were 109 responses (89 from Australia and 20 from Singapore) from 201 questionnaires. In relation to a range of human resource issues Nankevis and Debrah found considerable differences in approaches in Singapore and Australia and such differences were attributable to elements such as national, cultural, social, labour market phenomenon and management styles. Nonetheless their findings did 'also appear to confirm the increasing globalism of guest market requirements and hotel management responses' (ibid.: 512). This was particularly so in relation to the MNC hotel companies surveyed, leading Nankevis and Debrah (1995: 511) to suggest that 'A potential consequence of [the high proportion of hotels owned by multinationals] is the standardisation of service along with increased efficiency, productivity and thence profitability'.

Similarly, Jansen-Verbeke (1996) reports on research undertaken in hotels (including international hotels, e.g. Hilton International) in Belgium and The Netherlands which suggested a high level of uniformity in managerial practices. Jansen-Verbeke utilised the seminal framework of Hofstede to assess the extent to which cultural differences may exist between Belgian and Dutch managers. The research consisted of a written questionnaire, comprising 45 questions asking managers about their everyday practices in hotel management, and the sample consisted of 64 respondents. As Jensen-Verbeke (1996: 547) notes 'The analysis shows that there are only a few differences in the practices of hotel managers in Belgium and The Netherlands'. To explain this convergence Jansen-Verbeke points to a range of factors, such as: the two countries belonging to the same cultural region; the homogenising effect of organisational culture, reflecting the fact that most MNCs have a strong organisational culture; and the culture of the hotel industry in general, particularly in terms of uniform procedures in guest contact and an emphasis on quality of service. Of these, it is particularly noteworthy that organisational culture and the culture of the industry seem to play such a key role in the process of homogenisation and convergence.

This seems to suggest that the continued growth of multinational corporations is likely to lead in the future to greater standardisation of services, as organisations seek greater efficiency, productivity and profitability, by utilising the full range of 'soft' techniques leading to a burgeoning sector wide 'best practice' approach to quality service.

Consequently the more effective use of human resources is seen as the most critical issue facing the industry as the route to success is increasingly seen as being via a well qualified, thoroughly trained staff, focused on providing service encounters which are characterised by quality service. As a consequence 'The race for hegemony in the international market place is now on' (Go and Welch, 1991: 81).

10. Conclusions

This chapter describes and analyses the key role of the American model of hotel internationalisation, and considers its effects on wider issues in the internationalisation process in hotels. In this sense it can be seen to have utility in offering an historical perspective to begin to understand current trends in the management and organisation of the international hotel industry. The chapter addressed the question of whether the American model is totally redundant with the relative decline in American dominance or whether and in what ways it may have been reconfigured in the management and organisation of present day international hotel companies. In particular this can be seen in the shifting emphasis from hardware to software as the primary source of added value, and the extent to which this is drawing on notions of human resource management - which may still in itself be interpreted as reflecting an American approach (Guest, 1990) - which has gained currency throughout the world, as organisations seek to manage via this new paradigm. To address some of these issues the chapter examined research which analysed the centric profile of international hotel groups and the difficulties of aspiring to the 'ideal' of geocentrism, the role of international managers, and the possible converging impact of a burgeoning sector-wide 'best practice' approach to managing human resources. These issues form a clear link between this chapter and Chapters 1 and 2, which reviewed the more general literature on these themes..

In sum, the preceding chapters have sought to develop the themes which form the structure for reporting the findings from the case study organisations. Thus Chapter 1 engaged with issues of how MNCs seek to co-ordinate and integrate their spatially dispersed units and particularly the usefulness of Perlmutter's typology to judge this. Within these consideration a key concern is the extent to which international organisations may be aspiring to the 'transnational solution' or the geocentric 'ideal', which are increasingly suggested as the most developed form of the MNC. Chapter 2 adds further

detail to this debate with a review of IHRM. This particularly concentrated on the role of PCNs, HCNs and TCNs and examination of the use of such managers by organisations was suggested as being a clear signifier of their overall orientation. Furthermore it also addressed some of the implications of MNCs seeking a more geocentric approach and attempted to outline a geocentric HRM profile which would characterise this approach. Having discussed issues which are within the control of the MNC, the chapter reviewed a range of exogenous factors which are equally likely to impinge on MNCs human resource strategies, these being: country-of-origin, country-of-operation, size of the MNC, stage of internationalisation and mode of expansion. Chapter 3 outlined the nature of the service sector and particularly the key issues of how organisations approach the management of the service encounter and also the role of internationalisation in the service sector. The former allows for a review of organisations' human resource management strategies and the extent to which the case study organisations described later are utilising techniques such as TQM, multi-skilling and empowerment. The latter was important in describing the extent to which organisations seek to standardise or differentiate their offerings as they internationalise. In particular, organisations approaches to the hardware and software can be discussed within the wider question of the organisation's overall orientation as discussed in Chapter 1. Thus it is suggested that the review of several, albeit disparate, literature strands has allowed for the development of a number of themes to be addressed in the findings section of this thesis. This organising framework for the presentation of the empirical data is therefore outlined in Table 4.3 overleaf.

Table 4.3 Summary of headings and issues generated by the literature review

Heading	Key issues to be addressed
Hardware	Refers to the physical product of the hotel companies, and is examined via the following issues: <ul style="list-style-type: none"> • the extent to which organisations seek to standardise or differentiate their product, in relation to rooms, food and beverage provision and so on; • use of standard operating procedures (SOP's); and • whether organisations are attempting to sell anything 'exotic', for example, by drawing on signifiers of their national origin.
Software	Refers to the corporate culture of the case study organisations and is examined via the following issues: <ul style="list-style-type: none"> • description of the genesis and consolidation of the companies' cultures; and • assessment of the extent to which the organisations are utilising a range of HRM practices, such as autonomy, openness, TQM and empowerment.
Work organisation and the service encounter	Detailed examination of the companies approach to managing the service encounter allowing for further development of many of the issues introduced in the review of the software mechanisms utilised by the organisations.
Integration, co-ordination and the role of the international managers	Allows for an overall assessment of the case study companies orientation, as measured against the Perlmutter typology, for example the use of PCNs, HCNs and TCNs. Relatedly, allows for a review of whether the organisations may be seeking a more 'global' outlook and how this may be achieved.
Country-of-origin	Determining how the nationality of the company affects their approach to internationalisation. For example, the impact on how managers are likely to view trade unions, as a result of coming from a particular institutional framework.
Country-of-operation	The influence of the 'host country effect' on MNC behaviour. The extent to which the case study organisations had to modify their behaviour within different environments will be reviewed in relation to the culturalist and institutionalist perspectives.
Size of the MNC	Whether the size of the MNC significantly impacts on their approach to internationalisation.
Stage of internationalisation	Do the case study organisations manifest an evolutionary approach to internationalisation, and specifically have they aspired to a more transnational approach over a period of time?
Mode of expansion	The connection between the mode of expansion utilised by the case study companies and the impact of this on the co-ordination and integration of spatially diffuse units.

Before these issues can be addressed there is a need to fully contextualise the nature of the findings from the research with a clear description of choices made in addressing methodological concerns and the gathering of data. Therefore attention now turns to the methodology of this research, specifically the utility of a case study and interview-based approach.

CHAPTER 5 METHODOLOGY

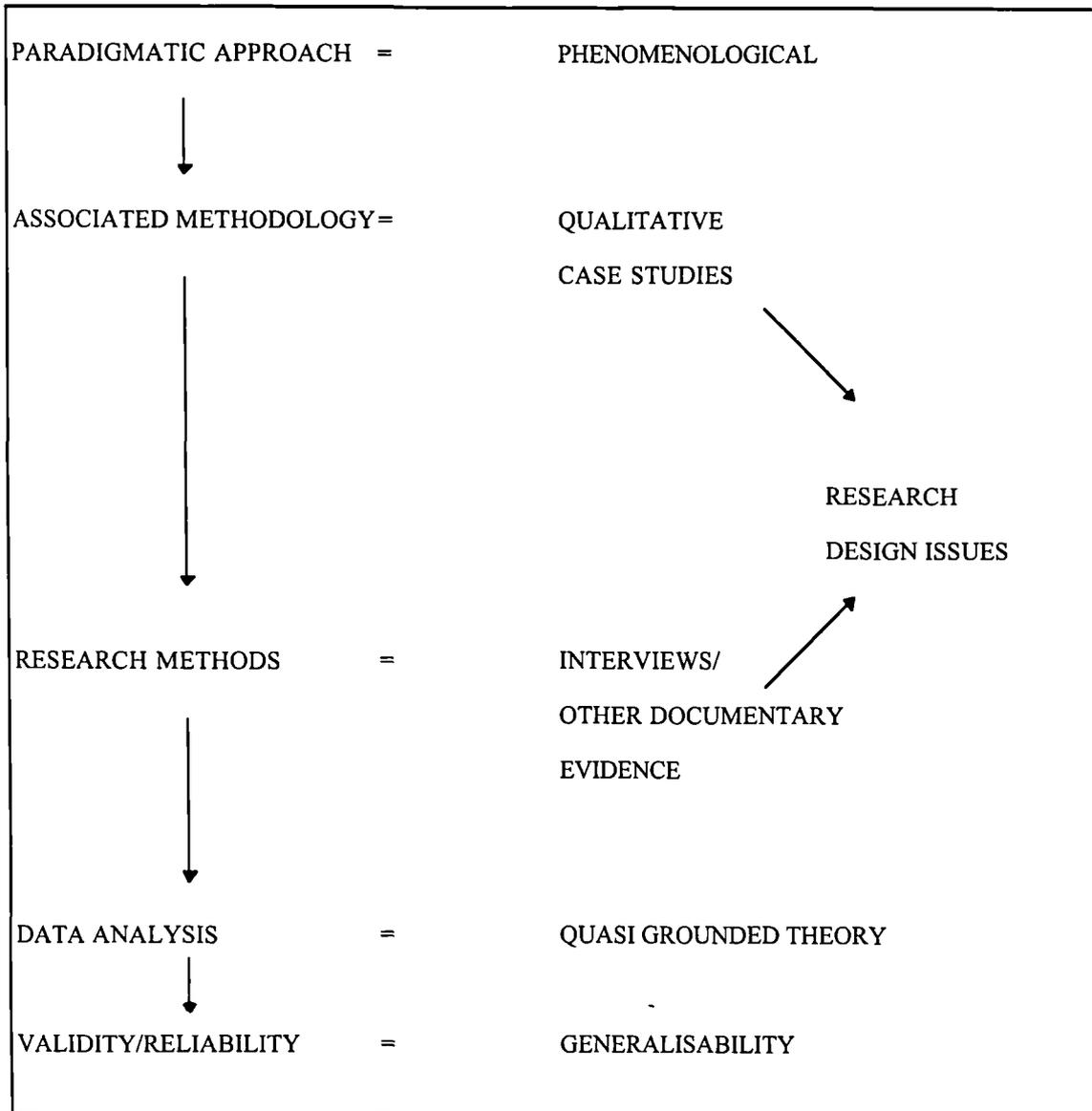
1. Introduction

This chapter will seek to demonstrate that the approaches and methods adopted for the collection of primary data were congruent with the themes emerging from the aims and objectives of the research, allowing of an analysis and exposition of the impact of issues such as: increased internationalisation of the hotel sector; transfer of management style/corporate culture; recruitment and training of international managers; and effects on human resource management and work organisation at the unit level.

The chapter will firstly engage with the issue of research philosophy to justify the chosen paradigm, and in particular, its appropriateness to the research topic. Further to this, the chapter will outline how these concerns informed the decision to develop a case study and interview-based approach to the collection of data. Within this analysis there will also be a discussion of the rationale behind the non-probability or purposive/judgmental sampling (Saunders, Lewis and Thornhill, 1997) which guided the choice of organisations to be utilised as case studies. This will form the context in which to review and discuss the chosen methods of data collection, i.e. semi-structured, in-depth interviews with senior corporate figures and senior and middle managers at the unit level; and secondary documentary evidence garnered from within and outwith the case study organisations, e.g. annual reports, company strategy documents, training manuals, quality documents, and so on. Next, the chapter will describe the methods by which the data was analysed, in particular, the extent to which a quasi-grounded theory approach was utilised. Finally, there will be a consideration of the extent to which the findings from this research may be considered valid and reliable, i.e. generalisable. Therefore the chapter will proceed as outlined in Figure 5.1 oveleaf, and in the process seek to outline a coherent research

strategy which clearly links research aims and objectives, methodologies, methods and analysis.

Figure 5.1 A sequential approach to methodological issues



2. A necessary polarity? In search of a paradigm

At the outset of any social scientific-oriented research project the researcher faces a number of choices as to how they may approach any given phenomenon. In addressing

these choices the researcher will ordinarily develop a research design which is congruent with their own world view, which in turn will be a reflection of one of two competing paradigms or schools of social science. Guba and Lincoln (1994, 105) describe such a paradigm as ‘the basic belief system or world view that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways’.

Morgan (1979) suggests these paradigmatic issues are, then, likely to be played out at three levels, namely: philosophical, which reflects basic beliefs about the world; social, and particularly how a researcher should conduct their endeavours; and technical, which is concerned with the actual methods and techniques used to generate data. At this point in the chapter it is the intent to look in more detail at philosophical issues and to do this the chapter will be cognisant of two of the many ‘difficult’ questions which Mason (1996: 11-12) suggests the researcher must ask themselves during the course of their enquiry.

- What is the nature of the phenomena, or entities, or social ‘reality’, which I wish to investigate?
- What might represent knowledge or evidence of the entities or social ‘reality’ which I wish to investigate?

To answer such questions we should recognise the putatively antithetical approaches of positivism and phenomenology. Clark, Riley, Wilkie and Wood (1997: 17) have argued that ‘The distinction between positivist and interpretivist [phenomenological] research is in some senses real and in others wholly artificial. Both philosophies of research are based on a common desire to understand behaviour but each approach makes different assumptions about the world of phenomena’. This quote is useful in delineating key aspects in which there is both commonality and difference in the two approaches. Thus, there is ‘a common desire to understand behaviour’, whilst the underlying rationale for, and methods adopted in seeking such understanding, may vary widely. The view of Clark *et al.* is instructive in recognising the often vitriolic nature of debate between proponents

of the two paradigms, which as Easterby-Smith, Thorpe and Lowe (1991: 22) note means that 'Each of these positions has to some extent been elevated into a stereotype, often by opposing sides'. Nonetheless, Easterby-Smith *et al.* do go on to recognise the very clear distinction between the two paradigms at a philosophical level and this can be appreciated by a brief description of each approach.

2.1 Positivism

In recognising Mason's 'difficult' questions researchers have to consider notions of ontology and epistemology. The former of these means that the researcher must decide whether they think the world is objective and external to them or, instead, socially constructed and best understood by examining the perceptions of human actors. The latter is more concerned with notions of what constitutes 'knowledge' and particularly what is accepted as 'valid' knowledge (Hussey and Hussey, 1997). In this sense positivism is based on a particular set of assumptions about the social world and appropriate ways of studying it. Thus the social world is seen as existing externally and best measured through objective methods, which in turn generate objective, usually, statistical data. Consequently knowledge is based on observed facts and reality is external and objective and as Easterby-Smith *et al.* (1991: 22) note 'knowledge is only of significance if it is based on observations of this external reality'. This application of (quasi) scientific methods to social sciences is, then, premised on searching for general laws of causation and assumes the existence of a 'real world' of social and physical phenomena. In turn, this has a number of implications as to the role of the researcher and how research should be operationalised, these being (Easterby-Smith *et al.*, 1991; Saunders *et al.*, 1997):

- independence of the observer;
- value freedom;

- the research employs controls to allow the testing of hypothesis;
- the research is deductive and tested by observation;
- the research normally uses quantitative data; and
- the research utilises a highly structured methodology to facilitate generalisations and replication.

As we have already noted there has been a long standing and intense debate between proponents of the two paradigms. There have been numerous criticisms of the positivist approach. Principal amongst these is the argument that it is impossible for the social scientist to be wholly objective in conducting value free research. Moreover critics also argue that the use of scientific methods are inappropriate to the study of social phenomenon, i.e. people and human behaviour, which is produced by human actions and constructed through shared meanings. Consequently, such behaviour is best studied by identifying it, understanding it and then finally interpreting it. It is these tenets which inform the antithetical approach of phenomenology, to which attention now turns.

2.2 Phenomenology

As Easterby-Smith *et al.* (1991) suggest phenomenology rejects the assumptions of positivism in several ways. First, there is a rejection of ‘scientism’ and natural science as the basis for understanding action and behaviour and the view that knowledge can only be generated by objective measures. Second, phenomenologists question the view that science itself should only be based on data which is observed or measured. Lastly, there is a rejection of positivism’s assumption of value freedom. Consequently phenomenology is concerned with how people experience social phenomenon and the world in which they live. It is characterised by a focus on the meanings that research subjects themselves attach to social phenomena, and explained and interpreted within the context in which the research is undertaken. In this view social actions are best explained

by understanding them in the way that participants do and as McNeil (1991: 120) suggests 'We must learn to see the world from their standpoint'. This focus on the meaning, rather than the measurement, of social phenomenon again has a number of implications for the researcher and the way that research is conducted. As Clarke *et al.* (1997) recognise a key issue is the fact that the researcher is unavoidably part of the research process and will subjectively bring their own values and beliefs to the research. The focus on meaning and not just facts is also difficult to assess, so the interpretative researcher has to acquire technical knowledge to attempt to gain access such meanings. This issue also points to the main criticism levelled at phenomenological approaches, i.e. that researchers can never be sure that they have really got the 'world view' of their respondents or that they have 'correctly' interpreted the meanings of peoples' behaviour.

2.3 Discussion and justification of approach

Saunders *et al.* (1997: 73) assert that 'Neither approach should be thought of as better than the other. They are better at different things. It depends where [the] research emphasis lies'. As has already been noted, the emphasis of this research lies in attempts to discern the dominant approach to internationalisation adopted by the case study organisations and the manner in which this impacts on their transfer of corporate culture. Moreover this has been done by seeking the views of key informants, at both corporate and unit level, in the chosen organisations. A key theme in emergent work on internationalisation strategies is issues of the management mind set and the attitudes and beliefs of key senior managers in any given organisation. Therefore there was a strong accent on the interpretation offered by managers about the nature of their organisations. By eschewing attempts to judge globalism purely on the basis of quantification, e.g. the number of countries an organisation may be present in; mix of PCNs, HCNs and TCNs, and so on, this research adopts a phenomenological approach by seeking the meaning attached to the process of internationalisation by key informants. Thus it is suggested

that there is a congruence between the aims and objectives of this research and the research strategy adopted to further these. In a pragmatic vein this has a number of implications for the researcher in seeking to justify the chosen approach. For example, you can never be sure that you have got to the 'truth' in talking to key managerial players, particularly, for example, if unit managers are aware you have also interviewed their own senior managers in the corporate hierarchy¹. An obvious corollary of this is that they may feel the need to 'tow the party line' in offering 'correct' and 'acceptable' responses. In part, whether this occurs may depend on the interview skills of the researcher (a point discussed later), but a high level of awareness of the milieu of the respondent can also be important to facilitate open communication. Thus I sought to immerse myself in both the sector and the case study organisations by the acquisition of high levels of technical knowledge and awareness of key issues and developments, a point suggested to be helpful in the phenomenological approach by Clark *et al.* (1997).

In summary, then, it is suggested that this research and its associated philosophical underpinning is not better than any other, as recognised by Saunders *et al.* (1997). Rather, the emphasis on discerning a dominant managerial and organisational mind set suggested a phenomenological approach, in which an attempt was made to engage with participants to understand the meaning they attach to the social phenomenon of internationalisation. In this respect it is easy to be self-aware of possible criticisms levelled at this work, which a positivist may see as potentially 'journalistic', 'soft science', 'unscientific', very subjective, personal and 'full of bias' (Denzin and Lincoln, 1994). Nonetheless it is these very things which give qualitative research its richness and allows for the nuances of a phenomenon to be studied, something which can be appreciated with a brief review of qualitative and quantitative approaches.

¹The concept of 'truth' is used loosely and advisedly here as, by definition, phenomenologists reject the idea that an objective and true reality is out there waiting to be discovered by the researcher.

3. Qualitative vs. quantitative

On the question of qualitative versus quantitative approaches, there is a large degree of overlap with the foregoing discussion of philosophical issues. Indeed, many authors simply subsume the terms qualitative and quantitative within the wider ones of phenomenology and positivism. Nonetheless, Easterby-Smith *et al.* (1991: 31) argue that 'Although the distinction between the two paradigms may be very clear at the philosophical level...when it comes to the use of qualitative or quantitative methods and to the issues of research design the distinction breaks down'. Thus, although the positivistic approach is synonymous with quantification, increasingly it seems as though phenomenological approaches, whilst primarily qualitatively based, do still admit the possibility of also using quantitative methods. Nevertheless phenomenology is still largely concerned with qualitative methods and consequently this section will attempt to discern the distinctive features of such an approach.

A widely quoted definition of qualitative research is that provided by Van Maanen (1983: 9) who describes it as 'an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency of certain more or less naturally occurring phenomenon in the social world'. Similarly Mason (1996, 3-6) has identified common elements to develop a sense of what is qualitative about qualitative research. Thus qualitative research is:

- grounded in a theoretical position which is broadly 'interpretivist', i.e. how the social world is interpreted, understood, experienced or produced;
- based on methods of data generation which are flexible and sensitive to the social context in which data are produced, i.e. it is collected in the 'real life' or 'natural' social context and does not rely on standardised or structured experimental methods;
- and

- based on methods of analysis and explanation building which involve understanding of complexity, detail and context, based on rich, contextual and detailed data.

Emergent themes from these two views of qualitative research are: the greater fluidity; flexibility; need to appreciate context; and self-reflexivity on the part of the researcher. Thus the attempt to investigate feelings, attitudes, ideas, values and perceptions means that qualitative research is more reliant on the skills of the researcher as interviewer or observer (Clark *et al.*, 1997). Moreover, the researcher has to conduct their endeavours within a relatively unstructured framework which, according to Mason (1996: 165), leads to a lot of 'thinking on your feet'. Thus, as Bryman (1988: 138) suggests, 'The researcher [should be] able to capitalize on chance remarks or unexpected events that propel a new line of investigation'. This ability to seize on any serendipitous opportunities was very much apparent in this research, in for example, the selection of case study organisations (a matter returned to later). Crucially, this does not suggest a wholly ad-hoc approach, but merely the need to maximise any opportunities which present themselves to the researcher. The benefits of this approach and the rationale for qualitative research are, then, nicely encapsulated in the lyrical words of Clark *et al.* (1997: 100):

The more interested and involved we become in studying human affairs, the more we realise that it is often not the actual numbers of observable states of affairs which fascinates us, but why they come about, and the only way in which we are going to find that out is by asking questions, collecting data, in the form of words rather than numbers. We observe and record conversations, actions, events, and then try and interpret them and their meaning through a range of concepts and theories which owe their power to factors other than statistical techniques and formulae.

The quote is also instructive in beginning to point the type of research techniques likely to be used to generate the primary data. This can be further elucidated by reflecting on the four-fold typology of qualitative research offered by Bryman (1989: 152-61):

Type 1 Total participant - where the researcher is a full or nearly full (or covert) observer in one or two organisations. This participant observation is also usually coupled with some interviewing and examination of documents.

Type 2 Semi-participant - where the researcher is an observer in one or two organisations, but in an indirect role. Again, this research is usually accompanied by interviewing and examination of documents.

Type 3 Interview-based - this approach has its chief emphasis on interviews in one to five organisations, along with examination of relevant documents. Observation may occur, but if it does so it tends to be in periods between interviews.

Type 4 Multi-site - chief emphasis on interviews with, or observation of, individuals in six or more different organisations, but usually more than 10 and there is usually some examination of documents. Interviewers usually do some observation and observers some interviewing.

The research undertaken for this thesis reflects Type 3, in that semi-structured interviews were conducted in three case study organisations and these interviews were supplemented by company documents, e.g. company newsletters, training documentation, and some informal observation prior to and between interviews. In comparing the types Bryman recognises some of the possible pitfalls or disadvantages inherent in any of the four, such that 'In reality, much research entails an attempt to maximise "damage limitation"' (158-9). For example, he argues that in Type 3 studies the

researcher's relative lack of participation and involvement in the organisation (compared to Types 1 and 2) means the fidelity of the perspectives and interpretations of those being studied is less pronounced. Furthermore, the use of an interview guide reflects the researcher's preconceptions of what is interesting and worth pursuing, though the good researcher will attempt to detect and follow up any matters of particular interest to the interviewee. There is also the extent to which the researcher is involved in events as they happen. In Types 3 and 4 research is ordinarily concerned with reviewing issues via the examination of documents and the retrospective questioning of participants, to develop what Saunders *et al.* (1997) term a cross-sectional or 'snapshot' study, i.e. the study of a particular phenomenon at a particular time. Overall Bryman (1989: 161) argues that Types 1 and 2 'probably exemplify the general characteristics [of qualitative research] better...[although] interview-based and multi-site studies carry their own special advantages, such as the greater opportunity for studying a number of organisations (and hence potential generalisability)'. To further appreciate this point attention now turns to the use of case studies as a research tool.

4. Case studies as a research technique

Denzin and Lincoln (1994: 440) describe a case study as 'a phenomenon of some sort occurring in a bounded context - the unit of analysis, in effect. Normally, there is a focus of attention and a more or less vaguely defined temporal, social, and/or physical boundary involved'. This definition is useful in delineating several aspects that need to be considered in assessing the utility of case study research. First, it allows for the development of in-depth, extensive, detailed and intensive knowledge about one or more units of analysis, i.e. in this multi-site research, the chosen organisations. In particular it allows the researcher to gain, in the words of Saunders *et al.* (1997: 76), 'a rich understanding of the context of the research and the process being enacted'. Consequently, case study research can be descriptive, illustrative, experimental and

explanatory, as the research draws upon existing theory(ies) to explicate what is happening (Hussey and Hussey, 1997). Second, it allows the phenomenon under investigation to be placed within a social, economic and temporal context. Thus, in relation to organisational research, there is a need to be aware of the wider organisational environment, for example the possible impact of institutional arrangements, as discussed in Chapter 2. Furthermore, the organisation has a history and a future, so there is a need to have some knowledge of what has gone before, what has followed and what may occur further into the future (Hussey and Hussey, 1997) (a point to which the thesis will return shortly). Overall, then, as Yin (1989: 14) declares ‘the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events, such as individual life cycles, organisational and managerial processes, neighbourhood change, international relations and the maturation of industries’. Thus this multi-site case study research aims to draw comparisons between the case study organisations to understand organisational and managerial practices, but also broader concerns of how these can be located in wider developments within the international hotel industry.

Hussey and Hussey (1997) suggest that a key stage in case study research is in selecting the case(s) and that to fully understand this issue there is a need to acknowledge the rationale behind the selection of the chosen organisations. To do this attention now turns to the issue of sampling. Bryman (1988) offers a critique of overly prescriptive approaches to linear and rational research projects and suggests a number of things a researcher should consider in relation to the potential ‘messiness’ of research. In particular, Bryman stresses that luck and serendipity often play a major part in research projects. Indeed, this is something which underpins Buchanan, Boddy and McCalman’s (1988) account of how to secure access to organisations. In advocating an opportunistic approach Buchanan *et al.* note that ‘The practice of field research is the art of the possible’ (55). On that basis the sampling approach of this research is, in part, redolent

of such an approach. To fully appreciate this some contextual information is important to understand the initial organisation chosen for the research.

At the outset of the research I was employed as a research assistant in the Centre for Research on Employment and Work (CREW) at the University of Central Lancashire. The project upon which I was to work was to further develop a comparative analysis of firms' strategies towards internationalisation². The initial work undertaken for this project was within the manufacturing sector and specifically the car and bus industry. Within this, the project had sought to track Volvo across the globe and this had involved interviews with senior corporate figures, plant managers and trade unionists. My role was to extend this comparison to the service sector and specifically the international hotel industry. Thus, a Swedish multinational hotel company, Swedco³, was chosen as the initial case study to usefully mirror the work on Volvo. Access was secured within several units in Austria and the UK and later on in the project to the corporate headquarters in Stockholm. Initial interviews revealed that Swedco adopted a very distinctive approach in internationalising in the 1980s - an overt emphasis on their Swedishness/Scandinavian background and its attendant ethnocentric strategies. These findings provided the framework which could be further utilised and tested in the other case study organisations.

The route into the second case study organisation stemmed from a contact with the Director of Hospitality Studies and Training of the French hospitality transnational, Frengo. This contact was at a conference where a paper outlining the aims of the project (including the hope that we could do some work within Frengo, which had been identified as one of the largest hotel group's in the world and aspiring to geocentric status) was

² This wider project also involved collaboration with colleagues from Austria and Sweden, although over the course of the research their involvement in the international hotel component was limited. For example, the Austrian colleagues undertook a small number of interviews and the Swedish colleagues merely provided a base for some of the interviews conducted in Sweden.

³ All of the case study organisations and their component brands are represented pseudonomously.

presented. After the paper was presented a subsequent discussion with the Director led to an invitation to visit him at the groups training centre in France. As already identified, Frenco were undertaking a distinctive phase in their development and their attempts to become a global company made it an ideal choice to compare and contrast with Swedco. For the final case study organisation it was decided that an American organisation was essential, given the perceived and pivotal role ascribed to the American model of hotel internationalisation and its supposed decline. Initial contacts with the Sheraton hotel company (one often thought of as an exemplar of the American model) proved fruitless. Consequently after interesting findings from a small number of interviews carried out with managers of an Americo hotel in Warsaw⁴, it was decided to continue work in Americo.

4.1 Discussion and justification of approach

As noted by a number of writers (e.g. Clarke *et al.*, 1997; Hussey and Hussey, 1997) it is impossible to sample an entire population in examining any given social phenomenon. Consequently, the researcher faces choices in deciding which part of the population is going to be sampled. Thus, in a piece of case study research within large organisations, there are choices to be made as to which organisations are chosen (sample) and also who is to be interviewed within those organisations (sample). It is unsurprising, then, to find Mason (1996: 83) noting that 'sampling and selection - appropriately conceived and executed - are vitally important strategic elements of qualitative research'. Whereas quantitative researchers are likely to think in terms of randomly and statistically-oriented probabilistic sampling, qualitative researchers will utilise non-probability or representative techniques (Clarke *et al.*, 1997), based on the researcher's subjective judgement wherein. This purposive/judgmental sampling means that the researcher selects cases which best enable the research questions and objectives to be addressed; and

⁴ This was part of a small scale research project which entailed spending a week in Warsaw interviewing various hotel managers in international joint ventures and Orbis (the Polish national tourism organisation) franchised hotels. The purpose of this research was to test that thesis that developing a service ethos would be difficult in

involves selecting units of analysis which enable the researcher to make meaningful comparisons in relation to the research questions, theoretical positions and analytical frameworks (Mason, 1996). As Huberman and Miles (1994: 441) recognise:

Sampling choices within and across cases are powerfully determinative of just which data will be considered and used in analysis...Qualitative researchers must characteristically think purposively and conceptually about sampling...Sampling choices also typically evolve through successive waves of data collection. This is also true of cross-case sampling. Here again, the issue is not so much the quest for conventional generalisability, but rather an understanding of the conditions under which a particular finding appears and operates: how, where, when and why it carries on as it does. Multiple cases are especially important as 'comparison groups' (Glaser and Strauss, 1970); they also permit a 'replication' strategy (Yin, 1991), where single-case findings are successively tested in a following series of cases.

Reflecting these considerations it cannot be claimed that the approach taken to this research was based, at the very start of the project, on a well-planned strategy. Rather, after initial (and somewhat serendipitous) success, the research successfully developed and evolved on the basis of emerging themes both from the on-going examination of the relevant literature and also the first tranche of interviews conducted within Swedco. This meshing of an opportunistic approach with a more strategic *modus operandi* means that the case studies are well matched in relation to the issues which this thesis seeks to address, in particular dominant approaches to internationalisation and why certain firms adopt certain (and differing) strategies. Thus there is a clear example of a systematic attempt to consider both issues of comparison and replication, as suggested above. As

an emergent post-communist society (and see Nickson and Taylor, 1995).

already discussed the chosen case study organisations allowed for comparisons of internationalisation strategies, whilst also allowing for some consistency and replication in discussing the minutiae of organisational and managerial issues to be addressed by the companies.

Overall, then, there is a degree of consistency with all of the case study organisations studied in terms of the issues and themes pursued; the levels at which they were pursued; and the personnel interviewed. In all case study organisations there was work done at both corporate and unit level. The contact at corporate level has always encompassed the Director of Training/and or Human Resources⁵. Within units semi-structured interviews have been undertaken with general managers and other functional managers, such as human resources, front of house and food and beverage (for a full list of interviews see Appendix Three). Interviewing was almost exclusively in the mid-market or four star-luxury segments, although there were several interviews conducted with managers in the economy two star sector.

The fieldwork was conducted over a two year period - 1992-1994 - and entailed 83 interviews⁶. The vast majority of these have been within the case study organisations, but some sensitising interviews were also undertaken, examples being interviews in a hotel company selling itself explicitly on its Frenchness, an obvious point of comparison with Frenco; and an interview of the, then, Director of Forte Training Academy, again for comparative purposes. The interviews were conducted in Austria, France, Poland, Sweden, the United Kingdom and the United States. This again is an important point as Tayeb (1994) notes that in conducting comparative research the researcher needs to ensure that countries will be different on 'cultural aspects', whilst sufficiently similar on

⁵ Lawrence (1988) suggests it may be particularly important to interview personnel/human resource managers during comparative research. This is because the personnel function has the closest links to the indigenous society and consequently a greater awareness of issues pertaining to areas such as education systems, vocational training, labour laws, etc.

⁶A small number of interviews were conducted by other members of the research team, both in the UK and in

macro non-cultural factors to make comparisons meaningful, e.g. advanced capitalist economies (Poland is of course the obvious exception). All the interviews were conducted in English and by and large this posed no problems, with only a handful of interviews suffering from an interviewees poor grasp of English.

4.2 The need for a historical perspective

As already noted a key issue in case study research is the need to have an appreciation of the historical context in which research is conducted and as Kjellen and Soderman (1980: 27) state 'it is not possible to understand the actual state of an organisation without an insight into the company's history, i.e. the processes that have led up to the company's present condition' (cited in Gummesson, 1991: 87). This historical perspective is important in fully contextualising the 'snapshot' nature of the findings reported in this thesis. Equally, it is also important to bring the story up-to-date with a brief review of some key developments which occurred after the research was conducted. Consequently there follows a review of the development of the case study organisations.

4.2.1 Swedco

Ironically Swedco can trace its lineage to the American-owned oil and gas company, Exxon. Thus the Swedco chain originated from the Esso Motor Hotel chain which was established by Exxon in 1963. By 1971 the company had 25 hotels and was very much a domestically-oriented hotel, primarily offering roadside accommodation in Sweden. The impetus for the change in the direction of the company came in 1983 when the Esso Motor Hotel group was sold to a consortium, including a large family-owned Swedish investment company. The first hotel outside of Sweden was opened in 1985, the year which saw Swedco Hotel AB also become a wholly owned subsidiary of the family-

Austria.

owned Swedish investment company. In what was a busy year, 1985 also saw the launch of a new brand within the Swedco portfolio - the Swedco Star - a four star offering aimed at the business traveller and primarily located outside Sweden. By 1995 of the 21 Swedco Stars within the group only five were in Scandinavia, with the rest being in major European cities. In contrast, the core product Swedco Hotel brand was wholly within the Nordic region, i.e. Sweden, Denmark, Finland and Norway⁷. The Swedco hotels were largely still located along motorways or main roads and were mid-market, full service hotels which attracted business and leisure customers⁸. As Mather and Todd (1995: 341) note 'Both the Swedco and Swedco Stars brands [were] designed to be value-for-money hotels with a Scandinavian flavour in terms of quality and design'. Similarly within their employee handbook Swedco describe the overall business concept as developing and offering services within a Scandinavian profile. Moreover the handbook also talks of a 'warm, friendly and exciting environment to work in' (Swedco Way Handbook, 1991: 4) with opportunities for training and career development, including time spent at the, then, nascent Swedco Business School (SBS) (the role of the SBS is discussed more fully within Chapter 8).

In terms of their international aspirations, Swedco never really saw their future as a global organisation and their high point of international penetration was their presence in nine countries in 1988 and latterly again in 1997. Therefore, internationalisation meant basically moving into European Union countries, compared to the globalisation ambitions of the other case study organisations - Frenco and Americo. This relative lack of ambition is also exemplified by Swedco remaining within the mid and upper market segment and not attempting to develop products in the luxury or economy/budget sectors of the market. The lack of penetration outside of Scandinavia meant that Swedco never really

⁷ Indeed, the vast majority of hotels within the Nordic region were in fact still in Sweden. In 1995 of the 82 Swedco Star and Swedco hotels in the Nordic region, 56 were in Sweden, nine in Norway, 16 in Denmark, with just a single hotel in Finland.

⁸ A document produced for a share offer in December 1996 suggested that the majority of customers staying in both Swedco and Swedco Star hotels were business travellers, with approximately 78 per cent of room revenues

moved beyond being a reasonably big regional player. As a consequence, in December 1995, Swedco, under a franchising agreement, rebranded all of their 16 hotels outside of Scandinavia as Holiday Inn's or Holiday Inn Crown Plaza's. This was despite the fact that during the research many managers felt that their Scandinavian approach was a real source of competitive advantage (a point discussed more substantially in Chapter 8). As the Chief Executive Officer of Swedco, conceded at the time of the rebranding 'Our weakness is that the brand is not well known outside Scandinavia as we started our international development too late' (quoted in Anon, 1995: 8). Currently, then, Swedco are happy to continue in their role as a hotel operating company and the dominant chain within the Nordic region, whilst still remaining part of an international network via their connection with Holiday Inn.

4.2.2 Frenco

To map the growth trajectory of Frenco it is worthwhile outlining the development of the organisation since its inception in 1967, with the opening of the first Mid-Brand hotel, in France. Interestingly Rosenzweig and Raillard (1992) note how much of the inspiration for Mid-Brand came from the experiences of one of Frenco's co-founders in the United States thus 'While in the US, [the co-founder] was impressed by chains of clean and efficient hotels, such as Holiday Inn, and believed that similar chains could be successful in Europe'(ibid.: 2). Consequently, on his return to Europe in 1963, he began to work towards a chain of hotels located near airports and alongside major roads which could serve the growing number of business travellers and tourists.

Mid-Brand continued to grow throughout the 1970s and also added two further brands that were developed organically, and these brands encompassed the economy and mid-market segment. The next development involved Mid-Brand buying an interest in JB

being derived from this source.

International in 1980, a move which also bought with it the Up-Market chain. By 1982, Mid-Brand acquired full control of JB International and this eventually led to the changing of the name from Mid-Brand to Frenco in 1983. Frenco's move into the budget sector came with the organic development of the Basic concept. The next piece in the jigsaw saw the acquisition of the American-based Motel chain, again a budget offering. The rationale behind this was twofold: first, to consolidate Frenco's position as a world leader in the budget segment of the market; and second, to increase Frenco's representation within the United States (see Table 5.1 for a description of how these brands fit within the classificatory system outlined in Chapter 4).

Table 5.1 Frenco by brand

Hotel Type	Brand Description
4 star - luxury Up-Market	'The pacesetter for the upper end of the market' - International 'de-luxe' hotels in gateway or resort locations and 'upscale ambassador of the art of living "à la française"'. Each hotel is closely integrated within the host city. Both the design of the property and the food served within are either regional or local and guests at the properties get preferred access to local cultural or sporting events.
The mid-market Mid-Brand	'At home around the World' - Mid-market business hotel, located in strategic business/communication sites. Attempts to blend traditional hospitality with the benefits of state-of-the-art technologies, pulling together the energies and skills of all of the chain's people with the goal of maximising client satisfaction
Business	'A warm welcome and personalised service' - Mid-market business hotel, located in city centres. Each unit is integrated with its host town or region to create a dependable group of hotels, each distinct in architecture and setting but uniform in quality and service via employees focused on customer satisfaction and trained at "'opening the doors of the city" as the Business motto goes'.
0-2 star brand Midscale	'Europe's leading midscale hotel' - Economy business and leisure hotel. Seeks to combine modern amenities with traditional hospitality values, via carefully defined operating standards for each hotel, 'to make the guests feel right at home'.
Basic	'Quality hotels affordable for all' - Functional budget hotels, based on simplicity, comfort and a perfect match with customer needs.
Motel	'The lowest price available' - Cheap motel accommodation in the United States, offering clean, no-frills amenities - simple motel rooms, with no restaurant or meeting facilities - always at the lowest price available in their market.

Source: Derived from Frenco company reports 1991-7.

A key feature of the merger and acquisition activity of Frenco was the perceived synergistic benefit to be derived in both product and organisational culture terms. Indeed, this rationale was particularly apparent in the majority acquisition of the Franco-Belgian company, Railway Company at the end of 1991. Frenco had become a minority shareholder in Railway Company in 1990 and this gave them time to evaluate the complementarity of the two groups activities, expertise and networks before they committed themselves to becoming majority shareholder when increasing their share to 69.5 per cent in December 1991. The acquisition of Railway Company was not without some struggles, not least in the courts (see for example, Buchanan, 1991; Selwitz, 1994), but the overall effect was to create one of the few vertically integrated companies with interests in the hospitality, tourism and travel sectors (Mather and Todd, 1995). In those terms the acquisition of Railway Company allowed Frenco to consolidate its traditional activities, such as hotels, restaurants and service vouchers, whilst also allowing for the addition of new activities such as, railway services, travel agencies and car rentals.

Clearly, then, Frenco's route to multi-branding has meant the use of both organic growth and acquisition and the concomitant use of a range of separate arrangements within these two wider categories and as Alexander and Lockwood (1996: 467) note 'This typifies the hotel industry where no one strategy predominates, and individual organisations are prepared to grow through different expansion routes'. Such a rapid expansion has had a number of consequences, not least the shift in emphasis from being a French company to being a global organisation. Indeed Frenco is widely cited as being a 'genuinely' global company, both in relation to its geographic spread and geocentric intent (Go and Pine, 1995: 13, 150-55, 162-64; Mathe and Perass, 1994: 77-78; Rhinesmith, 1993: 180-82). As we have already noted, this arguably can also be seen as a deliberate strategy to delineate a qualitatively different approach to internationalisation to that pursued by American organisations.

Thus, by September 1996, Frencos had 2,378 hotels in 68 countries, with 52 per cent in Europe, 34 per cent in North America, and 14 per cent in the rest of the world, including Latin America, the Caribbean, Africa, Asia Pacific and the Middle East⁹. Of those 2,378 hotels, 1,222 were traditional hotels, i.e. from 2 star to 4 star, and 1,156 were Budget hotels, i.e. Basic and Motel. One final interesting figure worthy of note is the number of hotels within the portfolio that are owned or managed. In those terms, 1,229 (49 per cent) were under majority ownership, 430 (19 per cent) were leases, 399 (22 per cent) were management contracts, and only 320 (10 per cent) were franchises. This latter figure is particularly interesting given the fact that many international hotel organisations have relatively high levels of franchisees, largely because of its low cost to organisations and also potential for rapid international expansion. Nonetheless, future plans for Frencos include continued large scale expansion, particularly in the mass market budget/economy and mid-market segments. Within that there also seems a greater willingness to countenance franchising, particularly in the Basic, Motel and Midscale brands.

4.2.3 Americo

Americo is an American hospitality multinational which has interests in hotels, institutional catering, commercial catering and airline catering (indeed the founder of the company - Mr Americo Sr. - is credited with inventing airline catering). The company's history can be traced back to 1927 with the opening of an A and W root beer franchise, in Washington DC. by Mr Americo Sr. Soon after, he developed his own brand, the Hot Shoppe, which was a mix of root beer and simple fast food. From these humble beginnings the company has developed 'into one of the USA's great success stories'¹⁰

⁹ More recently in the *Hotels* annual survey of the top 200 corporate hotel chains Frencos was reported as the hotel company with distribution in the most countries, i.e. 70, compared to Americo's 51 countries (*Hotels*, 1997).

¹⁰ Objectively, this claim is seemingly borne out by a variety of indicators. For example the Americo Annual Reports for 1994-1996 show occupancy rates for their properties which are between 10-20 per cent higher than the US average. Similarly, *Built to Last - Successful Habits of Visionary Companies* a book written by two Stanford University professors and published in 1994, suggested Americo was one of 18 firms most frequently

(Olsen, 1993: 56) and now employees around 192,000 people in 51 countries (Americo Annual Report, 1996).

The expansion of Americo has been particularly marked in the hotels division and as a result the company now offer accommodation in all market segments, though most of its units operating overseas remain full service hotels operating at the upper-end of the market¹¹. There is a small number of their moderately priced Court hotels operating as franchises outside of the US, and it is likely that any further expansion internationally of their mid-priced and limited service offerings will be via franchising (Americo Annual Report, 1995) (see Table 5.2 overleaf for a description of how Americo's brands fit within the classificatory system outlined in Chapter 4).

cited by 'Fortune 500' chief executive officers as a 'visionary company'. Such companies are conceptualised as being premier institutions within their industries and widely admired by their peers (see also Dela Cruz, 1998). Lastly, the 1995 survey by *The Official Hotel Guide* identified Americo as the 'preferred hotel chain' and the 'hotel chain offering best value in North America'.

¹¹ As with Frenco, Americo have utilised both organic growth and acquisition to create such an impressive portfolio of hotels. Thus Court was developed internally in 1983, as was Fair Inn in 1987. Lodging Inn was acquired in 1987. More recently, Place Suites, Fair Suites and Exec Residence were all developed in-house, whilst the aim of rapid international expansion led Americo to acquire two major new brands. In 1995 they acquired a 49 per cent in Luxury (with the intent of buying the remaining 51 per cent in the next few years) and in 1998 they paid \$1 billion for the Hong Kong-based Renewal hotel group, which brought the Renewal, Asia Pacific and Mid-Price brands into the company.

Table 5.2 Americo by brand

Hotel Type	Brand Description
<u>4 star - luxury</u>	
Luxury	A world-wide symbol of prestige and distinction in luxury lodging. Each Luxury hotel and resort offers signature services and amenities including fine dining, 24 hour room service and twice daily housekeeping, as well as fitness and business centres, and concierge service.
Up-Market Hotels, Resorts and Suites	The company's flagship brand or upscale, full-service hotels and resorts. Each Up-Market hotel features multiple restaurants and lounges, health club, swimming pool, gift shop, concierge level, business centre and meeting facilities.
Asia Pacific Hotels	Is a high quality brand appealing to business travellers in the Asia/Pacific region. Asia Pacific hotels offer business and recreational facilities, and meeting and banquet space. Asia Pacific 'executive floors' provide personal service for the discerning business traveller.
Renewal Hotels and Resorts	An upscale lodging brand providing full-service accommodation to business and leisure travellers, and for group meetings. Renewal hotels offer restaurants, business centres, swimming pools, health clubs and conference/banquet facilities.
<u>The mid-market</u>	
Court	The leading moderate price lodging chain preferred by value conscious travellers. Court hotels feature a residential atmosphere and typically have 80-150 guest rooms, a restaurant lounge, meeting space, exercise room and swimming pool.
Mid-Price International Hotels and Resorts	A quality mid-priced hotel brand that offers restaurants, meetings and banquet facilities, swimming pool and fitness centre.
<u>0-2 star brand</u>	
Fair Inn	An economy lodging brand appealing to both business and leisure travellers. Fair Inns' provide clean, quality accommodation and complementary breakfast at an economical price.

In addition to the above there are also three extended stay brands which cover the three market segments. Thus Exec Residences is geared to up-scale needs of business executives on overseas assignments of 30 or more days. Place Suites is the mid-priced extended stay offering and Lodging Inn is the budget version and 'the top extended stay brand in the world'.

Source: Americo Annual Report (1997)

Surprisingly Americo only opened its first hotel in 1957, and by 1970 still only had 11 hotels. By 1979 this had risen to 100 and rapid expansion through the 1980s and 1990s saw, the figure rise to 500 in 1983, 1,000 in 1995, with the current figure somewhere around 1,300 hotels. Of these 1,300 hotels, around 200 are located overseas and this marks an important shift in the nature of the Americo organisation. As late as April 1995, 95 per cent of their hotels were still within the US (Mather and Todd, 1995), so clearly a major rationale behind the acquisition strategy was to substantially increase their presence outside the US. This reflecting that fact that ‘...after 20 years of testing the waters, [Americo] is now intent on becoming an international company - as opposed to an American company operating overseas - that is fully committed to more rapid overseas expansion’ (Mather and Todd, 1995: 190). In this context, then, it can be seen that the findings of the interviews reflect the incipient stage of Americo’s more aggressive international expansion and the beginnings of a putative ten-year plan towards being a global organisation.

One final aspect of the company which is important to understand is the continuing role of the founding family. Despite the growth in the company the culture of the company can still be traced back to the founding family who have imbued the organisation with their own particular brand of family values. Therefore, although the company is now a public company and quoted on the stock exchange the family influence is still very strong. For example, the chairman and president of Americo International is the founder’s eldest son and the chairman of Host Americo is the founder’s second son¹². Until fairly recently the founder life story was found in all hotel bedrooms, and a picture of the founder and his successor son is a standard requirement for all Americo hotels. The company also

¹² The Americo Corporation split into two operating divisions in 1993. Host Americo being concerned with real estate, airport and tollroad concessions and Americo International with hotel management and contract services. This split was due to some financial difficulties encountered in the 1980s. During this period the Americo corporation invested heavily in hotel development in US, but changes in tax laws, recession and a collapse in the real estate market meant that the company was left with heavy debts and properties it was unable to sell. It was a result of these difficulties that the restructuring of the company took place in 1993.

refuses to operate a hotel in Las Vegas or Atlantic City, as gambling casinos are deemed to make a poor fit with the company philosophy.

The personality and philosophy of the founder can also be seen to underpin some of the softer elements of the organisation. As Lee (1985: 31) notes 'Americo company philosophies reflect the attitude of the founding family', such attitudes moulded by the families strong Mormon faith, which engendered a firm belief 'in hard work honest and the value of the family'. This can be seen in the view of the founder's biographer who felt that:

...the corporation was literally his creation - his lifelong poem, his heart's blood masterpiece. His drive and later his dreams, his philosophy, the effort he gave and the effort he demanded of others, his concerns for people - for nearly half a century these had conditioned and vitalised every policy, every decision, every corporate move (O'Brien, 1977: 2)

Although this account is essentially nothing more than a hagiographic paean to the founder it is useful in describing his pervading influence in the company and awareness of this is crucial to fully understand some of the emergent issues from the interviews conducted with the company, within the overarching case study approach.

Having outlined the key features of the case study organisations we can now move on and consider some of the issues engendered by interviews and documentary analysis as methods for generating primary data.

5. Research methods: interviewing and the use of documentary analysis

Kahn and Cannell's (1957: 149) oft-quoted, epigrammatic words that an interview is 'a conversation with a purpose' (cited in Marshall and Rossman, 1995: 80), suggest that the interview, as a source of data generation, is a relatively straightforward activity.

However, as Fontana and Frey (1994: 361) note, 'asking questions and getting answers is a much harder task than it may seem at first', and involves a range of intellectual, practical, interpersonal, social and listening skills. Though the same authors do go on to offer the view that such an endeavour is worth pursuing as 'interviewing is one of the most common and most powerful ways to understand our fellow human beings' (ibid.: 361). Similarly Easterby-Smith *et al.* (1991: 72) claim that in-depth interviewing is 'the most fundamental of all qualitative methods' and that it is crucial in allowing the researcher to 'probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate, inclusive accounts that are based on personal experience' (ibid.: 73). Clearly, then, from an ontological and epistemological position interviews are a crucial element of a phenomenological/qualitative approach (Mason, 1996).

As Mason argues, from an ontological point of view, peoples' knowledge, beliefs, views, understandings, interpretations, experiences and interactions are meaningful properties of the social reality which allows the researcher to explore their research questions/objectives. Furthermore, epistemologically, interviews are seen as a legitimate way to generate data on these ontological properties as the interaction with people allows the researcher to gain access to their accounts and articulations, albeit within the recognition that peoples' experiences (and the knowledge that this generates) can only be recounted at interview and the researcher cannot get into peoples' heads. Thus there is a danger of only a 'partial' picture emerging, something which will be considered in reviewing some of the problems of interviewing. Nonetheless researchers will see the knowledge and evidence garnered at interviews as contextual, situational and interactional

and the flexibility of a semi-structured interview allows the researcher to reflect this. Consequently, as Mason (1996: 40) asserts 'interviews may need to be flexible and sensitive to the specific dynamics of each interaction, so that you are, effectively, tailor-making each one on the spot'. As a corollary the qualitative researcher is going for depth, complexity and roundedness in the data and therefore the researcher needs to conceptualise themselves as active and reflexive in the process of data generation. In order to further develop this point we will now go on to consider some of the more pragmatic issues created by the use of interviews as a method for collecting primary data.

Saunders *et al.* (1997: 219-224) offer a framework for assessing some of the key issues which surround the use of interviewing and within that suggest a number of practical steps which can be taken to overcome any potential problems with generating good quality data.

- Preparation and planning - this also encompasses issues of access and the best ways to secure access. For the first interview a letter outlining the intent of the project (see Appendix Four) was sent to the Swedco Star property in Vienna¹³ and this was followed up by a phone call offering further explanation of the project's intent. Due to its initial success this method continued throughout the project and was generally efficacious in securing access to the desired units and the corporate headquarters (although somewhat fortuitously the failure to gain access to Sheraton as one of the case study organisations led to the arguably more interesting Americo organisation). In relation to the more specific issues of preparing and planning for interviews two things are suggested as being important. First, there is the issue of credibility and the need for the researcher to appear credible in order that they can quickly establish a

¹³ The serendipity which characterised this project in its initial stages is nicely illustrated by the rationale for this being the first unit in which access was sought. The researcher was sent over to meet the colleagues from Austria who were collaborating in the research. Before departure to Vienna it was noticed that Swedco had a newly opened Swedco Star in Vienna and on this basis an initial letter was sent explaining the project and seeking access. The unit was happy to facilitate access and the interviews were fixed up.

rapport with the interviewee. In those terms I sought to immerse myself in the organisational and sectoral context in order that a high level of familiarity could be attained in relation to important issues. This involved comprehensive use of company (e.g. company reports, training manuals and quality documents) and newspaper/journal/trade press sources to develop extensive knowledge of what was happening in the case study organisations. Second, the development of an aide-mémoire was crucial to structure the direction in which interviews could progress. Jones (1991) advocates the use of an open-ended and flexible interview schedule, divided into a number of topic areas wherein key questions are supported by a number of words and phrases to prompt the interviewer, where necessary. This was the approach adopted for this research and several examples of interview schedules can be found in Appendix Five. Importantly though, in recognising that the research was likely to evolve, there was a high degree of flexibility and reflexivity in the construction and use of interview schedules. The intent was to allow for some structure, whilst also enabling the opportunity to be adaptive in following different or new lines of enquiry.

- Level of information supplied to the interviewee - as already noted the respondents were fully furnished with details of the project prior to the interview and also at the commencement of each interview.
- Appropriateness of appearance at the interview - in this sense appearance is conceptualised as encompassing more than simply physical appearance. Thus, whilst appropriate dress was worn, other aspects of image management were considered, such as voice, mannerisms and language. The intent was to add to the credibility of the researcher and in the process establish trust and confidence with the interviewee.

- Nature of the opening comments - this allowed the researcher to reiterate the nature of the research and also to seek permission from the interviewee to tape record the interview. This also included a commitment to confidentiality and the non-identification of individual interviewees. The researcher also followed the advice of Easterby-Smith *et al.* (1991) who make the point that relationships are often developed quickest when interviewees are first engaged in general discussion about their role in the organisation, which is something they know and understand. Consequently the opening question to interviewees was always about their role within the organisation and their career history to date. This not only established immediate rapport, but also highlighted a number of issues which could be usefully returned to during the course of the interview.
- Approach to questioning - following from the initial question concerned with organisational responsibilities and career histories, the main body of the interview was concerned with attempting to build a high level of trust and rapport with the interviewee and to get as near to the 'truth' as possible. Again this has a number of implications for the researcher. Chief amongst these is the need to have the ability to listen and refrain from projecting one's own opinions or feelings into the situation (Easterby-Smith, 1991). The need to avoid interview bias - as far as is practicable - is likely to be dependent on the mix of questions asked and the need to be aware of leading the interviewee. For example, open questions are likely to provide more fruitful answers, and also the use of probes to discover responses to specific alternatives (Saunders *et al.*, 1997). Equally though closed questions were utilised where necessary to seek specific information on issues such as the number of rooms or staff in the hotel. Overuse of theoretical concepts and jargon was also avoided. At the same time company terminology and organisationally specific initiatives would be introduced and discussed at length, where this was appropriate. For example, the initial interview within Swedco led to a lengthy discussion about the Swedco Way -

the company's core corporate culture device. Awareness of this was built into subsequent interviews to demonstrate to other interviewees a high level of familiarity of issues in which they would be interested. Another key issue is the sequencing of topics to be covered and in this sense potentially sensitive matters were left to the end of the interview, when a greater rapport was likely to be established. An obvious example of this was the question of trade union recognition, an issue with some resonance in the British hospitality industry due to strong employer antipathy to the trade union movement (Aslan and Wood, 1993). By leaving this issue to the end of the interview it was more likely that the question would be answered candidly by the interviewee due to a higher level of trust and confidence being established. Variants on this theme were also used to try to encourage the interviewee to talk about potentially sensitive matters. Occasionally the interviewer would 'play dumb' and pretend not to understand what was being said, a strategy suggested by McNeil (1991) to prompt the respondent to say more. Similarly, Lawrence's (1988) advice to frame potentially sensitive questions with reference to the research literature was also profitable, for example the question of the extent of autonomy enjoyed by local units was developed in this way. This allowed for a comparison between the literature and company practice. Lawrence (1988) also offers a useful modification of this in relation to comparative studies. By utilising the home or other countries the interviewer can develop a seemingly neutral question along the lines of 'Within the British system X happens, what do you do in your system?'

- Approach to recording data - various authors have debated the potential veracity of material generated when the interview is taped, and in particular whether the presence of a tape recorder inhibits the interaction between interviewer and interviewee. A flavour of those debates is demonstrated in Table 5.3 overleaf.

Table 5.3 Advantages and disadvantages of tape recording the interview

Advantages	Disadvantages
<p>Allows interviewer to concentrate on questioning and listening.</p> <p>Allows questions formulated at an interview to be accurately recorded for use in later interviews where appropriate.</p> <p>Can re-listen to the interview.</p> <p>Accurate and unbiased record provided.</p> <p>Allows direct quotes to be used.</p> <p>Permanent record for others to use.</p>	<p>May adversely affect the relationship between interviewee and interviewer (possibility of ‘focusing’ on the recorder).</p> <p>May inhibit some interviewees responses and reduce reliability.</p> <p>Possibility of technical problems.</p> <p>Disruption to discussion when changing.</p> <p>Time required to transcribe the tape.</p>

Source: Saunders *et al.* (1997: 228)

During this research it was felt that the advantages of taping interviews outweighed the disadvantages, particularly if a high level of trust and empathy could be sustained during the course of the interview. Moreover consent was always sought with interviewees for taping the interview and there was also an offer to turn off the recorder at any point during the interview, if the respondent felt that it was a particularly sensitive issue. Consequently all of the interviews were taped and transcribed verbatim, primarily by the researcher¹⁴. This meant that any problems with sound quality; understanding company specific terminology, acronyms or occasional jargon; or exclusion of things felt not to be important would be addressed. Relatedly transcribing the interviews, though a laborious process, was also extremely

¹⁴ Towards the end of the interview period approximately five interviews were transcribed by secretarial staff, but gaps and misheard parts of the interview meant that the researcher had to go back and correct some of the transcripts. After this, all of the remaining interviews were transcribed by the researcher or whoever conducted the interview.

useful in beginning to make some kind of sense of the data and making connections between issues discussed at interviews (a point discussed below).

5.1 Problems of conducting interviews

As can be seen from the foregoing there are many potential pitfalls in the use of interviewing to generate primary data. Primarily, and as McNeil (1991: 47) trenchantly notes, 'The interview is a very artificial situation. There is no guarantee that what people say in an interview is a true account of what they actually do, whether they are intentionally lying or whether they genuinely believe what they are saying'. This of course remains the great conundrum of interviewing and as a researcher one can only be cognisant of the need to conduct the interview in a thoughtful way - based on much of the discussion above - to produce as 'true' an account as possible. Relatedly there is also the issue of bias and the same argument can be made as to how it may be countered. High levels of reflexivity and flexibility are said to characterise qualitative research and these attributes are essential in lessening potential bias during the interview process. Other problems suggested by a number of writers include issues such as: problematic nature of access, an issue that may be addressed in part by adopting an opportunistic approach, as previously discussed; issue of confidentiality and the need to retain the interviewees' confidence that this will be respected; the process can be time consuming, for example Saunders *et al.* (1997) note somewhat resignedly that a one hour interview can take up to ten hours to transcribe; and the richness of data generated by interviews leads to a great deal of complexity in analysing it. It is this last issue which is now discussed.

6. Analysing qualitative data

Kvale's (1988: 90) plaintive question 'How shall I find a method to analyse the 1,000 pages of interview transcripts I have collected?' (cited in Huberman and Miles, 1994:

429) beautifully captures the confusion and terror which often faces the inexperienced qualitative researcher. Indeed, the problematic nature of qualitative data analysis is one which is widely noted in the research literature. Bryman and Burgess (1994) are symptomatic of this work in suggesting that the voluminous, unstructured and unwieldy data which is generated by interviews is inherently chaotic, ambiguous, difficult, messy, time consuming and complex to analyse. These difficulties are further exacerbated by recognising that there is no definitively agreed convention or 'one best system' for the analysis of qualitative data, compared to more widely accepted and circumscribed methods for analysing quantitative data (Janesick, 1994). Consequently the neophyte qualitative researcher is faced with a myriad of options in beginning to make sense of their data. For example, Saunders *et al.* (1997) propose that on the one hand a completely unsystematic approach would simply involve the researcher in reading and re-reading the interview transcripts to seek meaning. Alternatively a more structured approach would see the researcher systematically reducing, categorising, coding, grouping or summarising transcripts to provide a coherent organising framework for analysis. The latter is the approach that was developed during this research.

At various times in the research a variety of devices were used to reduce and structure the data. To appreciate this Lindlof's (1995) framework will be utilised to exemplify some of the processes which underpinned data analysis. In those terms Lindlof see four interrelated domains, as follows:

- a process - wherein analysis of data takes place continuously throughout the study. For example, some tentative analysis will take place as interviews are transcribed. This interim analysis was a feature of this research and also meant that interview schedules could be modified accordingly. This reflected a high level of self-reflexivity on the part of the researcher and also an understanding of the research setting. A further development of the notion of interim and continuous analysis was initial

attempts to locate and understand the emergent data within existing theoretical and conceptual frameworks (see for example, Jones, Nickson and Taylor, 1994; Thompson, Jones, Nickson, Wallace and Kewell, 1993) this was integral in the process of developing the final theoretical framework for this thesis. In that sense the final structure of the thesis is largely reflective of issues emerging from the data, i.e. theory grounded in the data (a point discussed below).

- reduction in data - involving sorting, categorising, prioritising and interrelating data via coding. In the early stages of data analysis this involved the development of a detailed matrix for analysing the initial tranche of interviews (see Appendix Six for further details of this matrix). This allowed for the identification of several themes and patterns, most notably: the attempts by organisations to transport their corporate culture across national boundaries; the extent to which corporate and national culture are interrelated; the impact of 'foreign' corporate cultures on indigenous managers and management styles; a range of employment skills and training issues concerned with issues such as the management of the service encounter, the use of flexibility strategies and the creation of strong internal labour markets; and employee relations and the role (or lack of it) of trade unions. The use of a matrix was later modified by the use of detailed summaries of each transcript utilising the headings above.
- explaining - where the researcher begins to make sense of the way the participants in the research make sense of their own actions, goals and motives.
- theory - and the context in which the analysis of qualitative data offers explanations.

That last point is important in signalling the extent to which the data may determine the theoretical or descriptive framework of the research. This research does not claim to be wholly based on the grounded theory approach, as propounded by Glaser and Strauss

(1967). Rather it recognises that grounded theory is useful as a general indicator of the desirability of developing theory from data (Bryman and Burgess, 1994). This reflects the view of Turner (1988: 112), amongst others, of the extent to which qualitative research lends itself to such an approach, thus:

I consider that the qualitative researcher has no real alternative to pursuing something very close to grounded theory. The details of the technique may vary, but the shape of qualitative research is limited by a number of necessary constraints...comments about many aspects of work using grounded theory will transfer without difficulty to most other forms of non-quantitative social enquiry

Therefore as Hughes (1994) has suggested there may be elements of research which broadly exemplify, and are informed by, the work of Glaser and Strauss, such as: keeping an on-going analytic record throughout the data collection; looking for supporting and non-supporting data when developing analytical categories; and developing an analytical framework in relation to other substantive areas of work. However, this does not mean that Glaser and Strauss' schema is slavishly followed and employed in its entirety to provide a blueprint for data analysis. Overall, then, this piece of research is characterised as being inductive as conclusions and a theoretical framework is built from data generated within a small number of cases, to develop an explanation for: why firms are adopting certain strategies to internationalisation; the way these are played out within individual units as corporate culture is transferred across the globe; and the wider impact on the international hotel sector.

Thus, as already noted at the end of Chapter 4, the findings from the case study organisations will be reported by using the following headings:

- Overall orientation - utilising Perlmutter's framework to discern and offer a value judgement as to the dominant orientation towards internationalisation. This will encompass aspects of the hardware, i.e. the physical product; and the software, i.e. how the case study organisations utilise corporate culture and a number of HRM-type initiatives;
- Work organisation and the service encounter - and attempts to analyse the minutiae of the organisations approach towards their individual units and the policies and practices which exemplify this, such as empowerment.
- Mechanisms for co-ordinating and integrating units - such as corporate culture and the mix of PCNs, HCNs and TCNs;
- Country-of-origin - and the impact of this on the MNC's strategies and approaches to managing their spatially dispersed units;
- Country-of-operation - and the way in which MNC's strategies may be mediated by the countries in which they operate, by for example industrial relations systems;
- Size of the MNC - and whether the larger organisations in the sample are more likely to aspire to geocentrism;
- Stage of internationalisation - and whether there is an evolutionary process that can be discerned within the case study organisations; and
- Mode of expansion - and the impact of differing methods of expansion, for example the degree of control inherent in franchising.

One final generic aspect is the underlying issue of convergence and divergence and whether and in what ways organisational forms and practices may be coming to increasingly resemble each other. This will be assessed throughout the findings from the case studies.

An implicit issue which emerges from these considerations is the extent to which the findings of this research are representative and can be generalised to the wider sector and this will now be discussed within the context of validity, reliability and generalisability.

7. Validity, reliability and generalisability

Mason (1996) addresses the important question of what the qualitative researcher can claim on the basis of the results from their research. In those terms any claims from the research need to be substantiated and this means issues of validity, reliability and generalisability have to be addressed. However, Janesick (1994) offers an interesting and persuasive critique of what she cleverly terms ‘methodolatory’. Consequently she cautions against over preoccupation with the method of your research and particularly ‘an almost constant obsession with the trinity of validity, reliability and generalisability’ (ibid.: 215), terms which generally are associated with the positivist framework. Similarly Clark *et al.* (1997: 19) note how the terms are largely a reflection of a positivistic imperative, but nonetheless go on to argue that ‘only the most extreme anti-positivist would claim that the criteria do not have meaning and significance beyond research conducted in the positivist method tradition’. Clearly, then, there is a need to measure the quality, rigour and wider potential of the research, albeit within a framework of a qualitative interpretation of the so-called ‘trinity’.

Furthermore there is also the issue of how case study research is assessed against these criteria. On that theme Janesick (1994: 217) has argued that ‘the value of the case study is its uniqueness...[therefore] I hope that we can move beyond discussions of this trinity of psychometrica and get on with discussion of powerful statements from carefully done, rigorous and long term studies that uncover the meanings of events in individual lives’. Arguably, then, on its own terms, this research is valid as it seeks to demonstrate the interpretation of the data is sound and accurately representing what was happening at the

time of the interviews. It also seeks to be reliable in providing a template for subsequent studies which may seek to replicate this work. Saunders *et al.* (1997) has asserted that replicability is not necessarily crucial in qualitative research, but nonetheless it is argued that the approach adopted to this research was congruent with the research objectives and conducted in a thorough, careful, honest and accurate manner, which Mason (1996) suggests are the key criteria for judging the reliability of qualitative research. Lastly, there is a recognition of the difficulties of generalising on the basis of case study research. It is accepted that the difficulties in generalising from case studies - as argued by a range of writers (e.g. Bryman, 1988; Clark *et al.*, 1997; Gummesson, 1991) - are applicable to this research. Thus an obvious example would be that the case study lacks scientific weight and general applicability, so this lack of statistical validity makes generalisation difficult. Equally though, it is believed that there is scope for generalisations and insights about the nature of the corporate hotel sector and firms internationalisation strategies on the basis of 'the cogency of the theoretical reasoning' (Mitchell, 1983: 207, cited in Bryman, 1988: 18). Moreover this is consistent with the sampling strategy pursued for this research, where what Mason (1996: 156) calls, a 'strategic comparison' was made in the choice of the case study organisations. This allowed the research to address the interesting issues which emerged from the initial review of the literature and the first set of interviews. Consequently generalisations drawn from the research are on the basis of theoretical generalisation and not empirical generalisation and this reflects Bryman's (1989: 177) view that 'case studies should be evaluated in terms of the adequacy of theoretical inferences that are generated'.

8. Conclusions

This chapter has outlined the methodological concerns which informed this piece of research. It described the philosophical underpinnings to this research before moving on to greater detail on research design issues. This allowed for a discussion of the sampling

strategy towards the chosen case study organisations and the related research technique utilised for this research, i.e. semi-structured, in-depth interviews. A review of data analysis methods was also undertaken and a key aspect of this was the reiteration of the headings to be used in analysing the case study organisations. The final aspect of validity and reliability was also addressed and within that the chapter suggested that generalisations that may be drawn from this research are based on theoretical rather than empirical grounds. To further appreciate this the thesis will now move on to discuss the findings from the case study organisations.

CHAPTER 6 THE INTERNATIONAL HOTEL INDUSTRY CASE STUDY

EVIDENCE: AMERICO

1. Introduction

This chapter develops an analysis of Americo as exemplifying the established organisational form in the international hotel sector, as noted in Chapter 4. In this way their approach, although more recently overlaid with a recognition of the need to customise the service encounter in response to the demands of local markets, continues to be characterised by high levels of standardisation, certainty and consistency, particularly for the American business traveller abroad. The evidence is drawn from 28 interviews with managerial personnel at a variety of levels and functional specialisms, including representatives from corporate headquarters near Washington DC and unit-level managers in Austria, Great Britain, Poland and the US.

The chapter will first consider the overall approach to internationalisation adopted by Americo. It will be suggested that Americo's physical product - the hardware - is very much reflective of their American origins and also continuing high levels of Americans' travelling abroad, who remain a key customer base for Americo. The chapter will then move on to discuss software and Americo's TQM-driven strategy is considered to be representative of the changes which characterised American business for much of the late 1980s and 1990s. Within the software heading the chapter also describes a range of human resource management techniques which Americo have utilised, such as communication devices like the open table forum. Attention then turns to how this corporate culture attempts to create a quality-oriented service culture within the company. The success or otherwise of this approach will be examined by reviewing Americo's approach to managing the service encounter and other aspects of work organisation. Discussion then moves on to how Americo have sought to integrate their overseas units, and particularly the role envisaged for expatriate managers. Americo has traditionally relied on expatriate managers but the

chapter will also describe the beginnings of a strategy to move towards a more geocentric approach, as well as recognising the difficulties of operationalising this stated aim. It is argued that many of the difficulties of seeking a more global orientation are explicable by the country-of-origin of America. Equally there is a recognition that the company's approach to overseas units is mediated by a variety of cultural and institutional factors in a number of countries-of-operation. The chapter also briefly reviews a number of other factors, such as size of the MNC, before offering a conclusion of the key issues which emerged from the American evidence.

2. Approaches to internationalisation

The first overseas American hotel was opened in 1972 - in Barbados - and the first hotel opened in Europe was in 1979, although at that time the company 'had no strategic interest in doing business outside the United States, it was an opportunity that somehow the hotel fell into the portfolio' (international director of training and organisational development, American). From the mid-1980s though the company had a more strategic outlook to internationalisation. This aggressive growth plan for international development was largely as a response to saturation in the American domestic market. By 2000 American envisaged that there would be over 200 full-service hotels internationally, as well as a number of their mid-market and economy brand hotels.

American's international growth strategy was initially built on owning and managing properties and they were wary of utilising franchising as a method of expansion, fearing falls in quality standards. However, in the context of an aggressive growth strategy, the large amounts of capital needed to acquire assets was prohibitive. Therefore, at the time of the interviews, American's internationalisation strategy was geared to joint-ventures, management contracts (which made up the bulk of American's overseas properties) and franchising. Despite this, franchises still provide a minority of total hotel stock in the company. Nonetheless at the time of the interviews most

Americo's in the UK were franchised as a result of the master franchise agreement signed with Canco¹, who ran twelve upper-market full service Americo Hotels and four mid-market Court Hotels. Americo owned and managed just one of their British hotels. This relatively high number of franchise hotels was useful in allowing for an appreciation of the type of relationship which existed between the parent company and the franchisee. In this sense the evidence from Americo provides insights into the co-ordination of company managed units, as well as independently managed franchises.

2.1 The hardware within Americo

Americo were still clearly rooted in their home country, for example, the majority of their hotels were still located in the US and a large part of their overseas hotels customer base was Americans travelling abroad². Given that Americo's interest in internationalisation is relatively recent their overall approach could be characterised as ethnocentric, although as will be discussed later, in relation to the software dimension it is possible to discern a commitment to a more geocentric or transnational orientation. In the Americo export product the importance of brand identity continued to be significant and consistency and certainty, in terms of catering for the American customer, were perceived in relation to the hardware, to override local considerations: 'Obviously in places like Jeddah there are separate rules there, but the product itself, the rooms, the size of the rooms, they are designed here because our customers, 50 per cent of them are Americans, so we want them to feel at home' (general manager, American). Interviewees saw little problem with attempting to disseminate the archetypal home away from home which characterised the American model of hotel internationalisation, as discussed in Chapter 4. For example, a British front of house manager in one of the franchise hotels noted, 'irrespective of whether

¹ This is a pseudonym for the Canadian company which ran the master franchise. At the time of the interviews the company had recently moved from being the master franchisee for Holiday Inn in the UK to become Americo branded properties.

² For example, the general manager of the Warsaw Americo suggested that as many as 95 per cent of their guests were American business people.

you are in Warsaw, London or downtown Washington, or whatever, it is very American, Holiday Inn were, but [Americo] are more so'.

A reliance on strong central control had long been perceived necessary in order to retain the consistency of product and service on which the company had built its domestic reputation. For example, as the international director of training and organisational development at corporate headquarters noted:

...whether you sleep here [Washington] or wherever, you will find exactly the same bed...As you travel through the world, although the culture is different and ambience and building will be different, the guest directory is always there. I have to tell you the bottle opener for the mini bar is behind the bathroom door, next to the toilet. I know exactly where everything is when I go to [Americo]. For a lot of customers that gives them a feeling of security, that is consistent, they enjoy that.

Although the company was seeking to move away from a prescriptive approach, based solely on the application of standard operating procedures (SOPs), in individual units Americo still insisted that each hotel contained the 'core deliverables', including: a copy of USA Today, an American flag (and a state flag in the hotels based in the US) and a picture of Mr Americo snr and his family in the lobby of the hotel. More specifically in individual rooms there was also certain 'core deliverables', encompassing such things as having to use certain soaps, shampoos, towels, tissues and the number of hangers in the closet - 'every room must have 10 hangers in the closet, two of them must be notched, two must have clips for skirts' (front of house manager, American). As an American general manager noted the SOPs, 'may not be deviated from, those are our bibles...I have to enforce all of [the SOPs]'. These SOPs also extended to other functional areas, such as food preparation with a number of

food and beverage managers describing 'guidelines' which allowed even inexperienced cooks to prepare food:

We have recipes that tell you exactly how to prepare food. We have these cards for the easiest things, so if you can read and know how to handle a little bit of experience in the kitchen, good understanding, you can sit and review that and be able to cook. If you follow the procedures the result will be consistent (food and beverage manager, American).

This high level of standardisation of the physical product has long been recognised as an essential part of the success of the American-driven internationalisation process in the hotel sector in the period to the early 1980s (Nickson, 1998) and it is clear from the evidence that international hotel companies will continue to see standardisation of the physical product as a central feature of their internationalisation strategies.

The key role ascribed to standardisation, consistency and certainty with Americo, was something which, as noted, interviewees saw as crucial in maintaining their competitive advantage. Furthermore managers also recognised the utility of such an approach in allowing for high levels of control of units, something which was considered as essential in the process of internationalisation. An American general manager suggested that, 'I think Americo is successful because they have some basic systems that they can use to bring to bear to really help to manage a hotel efficiently and properly'.

The underpinning logic of standardisation within the international hotel sector suggested by much of the above discussion is also manifested in the way that Americo controlled franchised units. For example, several of the managers interviewed, who worked for Canco at the time they had changed their franchise from Holiday Inn to the Americo brand, described the ease with which this change was facilitated: 'The night

of 15th July came, and all the managers were here on duty, and we are taking lots out of the bedrooms, the Holiday Inn stuff and putting the [Americo] stuff in. Quite a lot of staff were around as well, and it got to midnight and we all thought well this is it now, and there was this great big anti-climax, like we are an [Americo] now. It was almost as though we expected everything to change at midnight and of course it didn't' (house manager, British).

In sum, Americo still relied heavily on high levels of standardisation and consistency in the physical product and indeed this attempt at standardisation also seemingly applied to the management style:

Ten years ago the culture of our industry was such that we had volumes and volumes of rules for people to follow and it was a heavily structured work environment and it was very autocratic. Folks did not have a great deal of latitude at the line level position to make decisions for themselves. So my job was very much a controller type position of direct and point people in the right direction and be there with a checklist to audit every step that they do (general manager, American).

However, alongside this continuing commitment to the virtues of consistency and certainty, as central to the marketing of Americo, there was an increased recognition of some of the limitations of this approach, particularly in terms of locating the hotels outside of the US: 'It can't be the traditional [Americo] that we would see in the States because the nature of your business needs to adjust to the cultural demands of the clientele. If you try to be an American hotel in France you go out of business real quickly, unless you're going to draw Americans into it' (general manager, American). The same interviewee went on to suggest that adaptation to the local market was perceived to be necessary if Americo were to avoid the danger of being seen in an imperialistic way: 'The character of a hotel and nuances of that hotel also need to take

on a bit of the flair of the host country. If you don't take that on you are American arrogant, or what I'd call Western arrogant and that's going to hurt your business'.

Furthermore, the rationale for standardisation had, however, increasingly to co-exist with a recognition of the shift in focus, in terms of the sources of competitive advantage. Therefore in relation to the software aspects of the 'product', dimensions that had previously been accorded less attention, most notably management style and the service encounter, were increasingly accorded primary significance. Consequently attention now turns to the software of the American corporate culture.

2.2 The software within America

America could be said to exemplify the organisational zeitgeist of American business in the 1980s and 1990s, wherein organisations increasingly sought to compete on the basis of quality, which, in turn required a transformation in human resource policies and practices. A range of writers (e.g. Hollinshead and Leat, 1995; Kochan and Dyer, 1995; and Wheeler and McClendon, 1998) talk of the dramatic changes which have characterised American workplaces in recent years, and particularly the burgeoning role of HRM (which of course has its origins in the US) and its link to quality. For example, Wheeler and McClendon (1998: 63) note how 'American firms...are undertaking numerous work systems innovations designed to increase productivity, reduce costs and improve quality' and in recognising this point go on to suggest that 'Most commonly...these new approaches involve some form of employee involvement or managerial work system redesign that emphasises co-ordination and decision making' (ibid.: 84). Indeed, reviewing the relationship between service quality and empowerment, Lashley (1997) notes how these general concerns for quality improvement were seen in most western economies during the 1980s and 1990s. Within this situation TQM was increasingly seen as offering the way forward for service organisations, as opposed to more systematised and bureaucratic processes

such as BS5750 (ISO 9000). By offering a more holistic approach TQM seeks to achieve the following broad features (Lashley, 1997: 161):

- create a commitment to quality service as a core organisational concern;
- require a commitment from senior management to ensure such an approach permeates every part of the organisation; and
- create a culture in which employees actions and behaviours - due to their internalisation of the company's objectives and values - are guided by their commitment to delighting customers.

In sum, Lashley suggests that in the context of service industries 'TQM and empowerment can provide managers and employees with benefits which can improve service quality and customer satisfaction, whilst giving employees more control over how they organise and complete their tasks. These techniques can produce "win-win" situations...' (ibid.: 165)³.

Overall, then, Americo's approach could be considered as representative of the so-called 'soft' approach to TQM. Wilkinson *et al.* (1992: 2) suggest that this approach incorporates several characteristics, such as 'customer orientation, culture of excellence, removal of performance barriers, team working, training, employee participation, competitive edge. From this perspective TQM is seen as consistent with open management styles, delegated responsibility and increased autonomy of staff' (cited in Lashley, 1997: 163). Americo was thus concerned to become a major global player, with a reputation for service excellence. The company's Mission (which was on a laminated card given to all employees) was to 'Grow a world-wide lodging business using Total Quality Management principles to continuously improve preference and profitability. Our commitment is that *every guest leaves satisfied*' (emphasis in original)⁴. A training document produced in May 1994 suggested that

³ It should also be noted that Lashley offers a caveat to this optimistic view of TQM and cites Tuckman (1995) to suggest that TQM may also be integral to a situation of intensifying work relations.

⁴ At the time of the interviews the company was making the first moves towards Business Process Re-

TQM was used as the business model for hotels world-wide and that this underpinned the fundamental principles of customer focus, a need for continuous improvement and a management style which sought to create a culture of participative planning and problem-solving: 'You will hear a lot of talk about TQM and empowerment throughout the operations, with a heavy concentration on trying to solve problems at the lowest level using a quality approach...we have been working on that for the last 10 years, not an easy process, but one that seems to be working for us' (general manager, American). The training document also outlined the five core TQM programmes available within Americo ranging from an introductory module, available to all associates, to more managerially-oriented training examining the strategic aspects of TQM.

As already noted an integral part of Americo's commitment to a high level of quality was the use of empowerment (see also the extensive discussion of empowerment in later sections of this chapter). This synergistic relationship between TQM and empowerment is seen by organisations as essential in creating customer-oriented organisations (Bowen and Basch, 1992). Therefore in this normative view of the benefits of empowerment and TQM, 'Empowerment...is closely linked to TQM where delegation of responsibility is the foundation for a continuous preoccupation with monitoring and enhancing product/service quality which, in turn, forms the basis of a value-added competitive strategy' (Hales, 1994: 59). Within Americo this TQM/empowerment strategy was underpinned by 'Four basic principles, which we try to focus on every day in our jobs, that being sales, profits, associate satisfaction and guest satisfaction' (general manager, American). This shift highlights an enhanced concern with standards of service and a changing role for managerial employees, as one American food and beverage manager acknowledged, '...now we've got fewer managers within the company to work with and we've got a smarter workforce in terms of education and everything else, people will take all the responsibility that you ask them to. My job now is much more of quality assurance control'.

engineering (BPR) which was envisaged as being a further development of TQM.

Part of the embedding process, in terms of the shifting emphasis from standardised physical product to the service encounter as a source of value added, was achieved by a judicious mix within the corporate culture of the new with the old. In this respect the personalities and life stories of the founder and his family played a key role and managers were keen to express that this quality driven approach was a return to the key principles of the founder as contained within his biography. Thus as long ago as 1927, the founder had cards printed and distributed to all employees, each card carried four questions: '1. What is the problem? 2. What is the reason for the problem? 3. What is the solution to the problem? 4. What is *your* solution to the problem?' (emphasis in original) (O'Brien, 1977: 134). Indeed, the extensive empowerment training within both Americo and the Canco franchises - based on the notion of 'Whatever it Takes' to please the customer - had a number of similarities with the principles of the founder. To ensure employees were fully aware of the 'Whatever it Takes' training, Canco had a laminated card to give to them which set out the 'Six Golden Rules', which were: '1. Please acknowledge that you have seen me and know I am standing/sitting here waiting to be served. 2. Please make me feel important and like a real individual. 3. Please find out what my needs are. 4. Please look as though you enjoy working here. 5. Please know what you are doing and do it promptly. 6. Please don't bring any more hassle into my life'. In this way it could be argued the 'Whatever it Takes' principles encapsulate the broad features of TQM as outlined by Lashley (1997) and moreover the current changes gain legitimacy by reference to past practice.

This recourse to the personal philosophy of the founder is further reinforced by visits to the hotels by the founder's son⁵. In this way the corporate and the real family

⁵ Most of the interviewees commented on Mr Americo Jnr's propensity to simply turn up at a hotel without advance notice. This was equally true for both US and non-US hotels: 'I remember one day at four o'clock in the morning in Hong Kong...he was walking around the hotel...he went to every single person, what he's got about 300, 400 people working for him and he knows everybody and he remembers things and that's good' (food and beverage director, Austrian).

become inextricably linked. The symbolic resonance of these visits was apparent in managers enthusiastic responses:

I had the pleasure of meeting Mr [Americo] snr on several occasions prior to his passing on, very down to earth fellow, very friendly fellow, always remembered names...and Bill jnr, as I call him, the current chairman is the same way. I've only met the man three or four times but every time that I've seen him he's known my name and he knows it before he sees the name tag. That says a lot about the chairman of the company. 'You take good care of your people, they'll take good care of the customers', that's one of the first things I heard with this company and 18 years later I'm still using that statement. Not only do I believe in it but it works. It absolutely works and you'll hear that scattered around the company (director of food and beverage, American⁶).

In another hotel in America a front of house manager described how the visit by Mr Americo jnr had generated more excitement amongst the staff than a visit by President Clinton. Even in the franchised Canco hotels the impact of such visits is perhaps surprising: 'we stood there with tears in our eyes, like a couple of idiots saying "Mr [Americo] jnr is here", that's just the way the company is, and the way they are' (reception manager, British). Furthermore, until recently, a copy of the founder's biography was available in all of the hotel bedrooms and, as noted, even today a picture of the founder and his family can be found in all of the hotel lobbies. Lastly, as part of the induction programme all new staff are welcomed to the Americo 'family' by Mr Americo jnr in a video and as a British training and human resource director noted, 'if you hear the guy talking he has the ability in some of the videos that we show to staff of saying we are proud to welcome you to the [Americo] family'.

⁶ It should be noted that the use of the term 'director' within Americo is something of a misnomer and in reality an inflated title for a departmental head. The more appropriate use of the term was in the corporate

While TQM has some resonance with the systems and standardisation approach outlined in section 2.1 (and see Tuckman (1995) for further discussion of this point) and the customer service focus makes links to the founding principles of Mr Americo, the company had also adopted a number of human resource management techniques which did suggest that these elements of continuity supported a changing approach to labour management. As has already been noted both TQM and empowerment facilitated the delayering of management, a point further discussed in the following section of this chapter. Americo had also introduced open table forums where managers met informally with a small number of employees to discuss the hotel specifically and the company generally in an open and frank manner.

In common with many other American organisations employees were referred to as associates the term denoting, from the company's perspective, a qualitative difference in the way their employees were perceived and treated, 'because they are more like partners, not subordinates' (director of human resources, Polish). A further rationale expressed by a British director of catering from one of the Canco franchises, was that Americo 'look after the associates, because their associates are the ones who make money'. Underlying the shifting emphasis to quality service and guest satisfaction, once more, was the view that this merely returned the company to the strong belief of the founder in the need to treat the staff of the organisation appropriately in order that they would take care of the guests. This can be seen in the oft-repeated maxim of the founder (virtually all interviewees referred to this notion) that 'It takes happy employees to make happy customers'. At least once a year the company conducted an associate satisfaction survey (ASS) in which employees had an opportunity to feedback on management from a 'customer' point of view⁷. The ASS consisted of 17 basic questions measuring pay, work tools, attitudes, and satisfaction with supervisor, departmental and general manager and was conducted by human resource staff who

context, where interviews were conducted with the international director for training and organisational development and the director of service development.

also played a key role in feeding back and acting on the results. The ASS was also important for remuneration purposes and one part of the managers' bonus plan was contingent on the ASS results. Furthermore an Austrian food and beverage director claimed that occasionally managers had even got the sack as a result of the ASS: 'I've seen heads rolling out the door, salaried managers, food and beverage department heads, because their percentage points went down, as the unit's were going up'.

In pursuing an agenda which was broadly premised on employees being the primary source of competitive advantage, Amerigo had, at one level, developed a relatively progressive 'soft' (Storey, 1987) approach to HRM. Redman and Mathews (1998) suggest that organisations who wish to sustain a TQM approach must develop a range of HRM practices which are likely to support this particular approach. In that sense they utilise Purcell's (1996) notion of a 'HRM bundle' of key practices which underpin an organisation's business strategy, and this bundle encompasses many of the aspects described above, as well as others such as the creation of a strong internal labour market and a commitment to extensive training and development of all employees. On that latter point the American director of service development noted how, '[Amerigo] is recognised as a great training company', and this training covered things such as diversity, entry level management, successful selling, impact leadership, teaming, re-engineering, basically 'every major topic that is popular today'. Generally interviewees were happy to endorse this view of a high level of training and development within the company. For example, a number of managers described Amerigo's extensive management development programmes and also the expectation that they had a minimum of 40 hours a year off the job training, which was planned on an annual basis with their own line managers. At the time of the interviews Amerigo had also recently introduced a new initiative, called the '15 Minute University', which gave the operative staff 15 minutes training everyday, which was characterised as 'just in time training'. An example of this would be things like a brief review of the menu or a description of the sales strategy that day.

⁷ The ASS was also for managerial staff to assess their own immediate superiors, up to and including Mr

The strong belief in training (and socialisation) was also apparent in Americo's extensive orientation programme which lasted over 90 days and encompassed induction in the corporate philosophy, as well as straightforward rules and regulations. As a British training and human resource director suggested it was not simply a quick four or five hours but a planned and lengthy process. On day one it was relatively straightforward with the centrepiece of the day being, as previously noted, a video which was introduced by Mr Americo jnr and which focused on every guest leaving satisfied. After 30 days associates got some more extensive training on the principles of hospitality and training on TQM and quality improvement, as well as more prosaic aspects such as health and safety. At 45 days there was a follow up which was more concerned with a fuller understanding of the culture of the company. Amongst other things this acculturation training involved an activity based on Americo Magic Game which was a trivial pursuit-type game, where associates could explore issues such as customer care. Finally at 90 days the final orientation events took place and employees were asked to evaluate the whole process with a computer assisted survey.

A further and integral aspect to much of the Americo training was its link to the TQM and empowerment approach adopted by the company. As a British training and human resource director noted, 'the one thing which motivates people is training, being given and allowed to take responsibility and that perhaps comes through things like empowerment and other things'. Clearly, then, a lot of Americo's training, directly or indirectly, was concerned with attempting to empower both front-line and non front-line employees, with the suggested benefit from the employees point of view of enhanced responsibility, autonomy and increased job satisfaction. Therefore as a British human resource director commented, 'People in this hotel...actually get a buzz from empowerment. I think rather than seeing it as a choice "Oh God, I have got to do something extra" they do it because they want to do it'. There was perceived to

Americo jnr himself.

be, by managers, clear beneficial links between TQM, empowerment, HRM and company success: 'empowerment gives the employees a sense of ownership and responsibility, it makes them much more dedicated to their jobs, if you look at our turnover rates today you would find our turnover is much lower, our staff satisfaction levels are much higher and our productivity is higher'. We will now examine the impact on work organisation and the service encounter in more detail.

2.3 Work organisation and the service encounter

It has been noted how the wholly scripted standardisation of the service encounter within upper-market hotels is likely to be inimical to notions of quality service delivery. Therefore as organisations increasingly operating in this market segment perceive service quality to be a primary source of competitive advantage and value added, they require that service delivery meets both corporate and customer expectations (Lashley, 1997; Lashley and Taylor, 1998). Thus, although hotels competing in the mid and upper market segments largely eschew scripting, mechanisms still have to put in place to ensure that there is some control of what is essentially a social interaction. A further element of difficulty is added by the increased recognition that perceptions of service tend to be shaped by particular national cultural expectations (and see later discussion of 'aggressive hospitality'). It is through mechanisms such as TQM and empowerment that companies like Americo are attempting to resolve the tensions between standardisation and consistency and customisation and authentic service delivery.

One of the most obvious ways in which companies such as Americo seek to achieve this customer-oriented focus is through the recruitment and selection of employees who are perceived to have values and attitudes which make them the 'right' people for this type of role, and again this reflects one of the aspects of HRM, identified by Redman and Matthews (1998), to sustain a quality approach to service. Thus within Americo, such people were those who demonstrated the 'appropriate attitude' (which

was characterised as positive, hard-working, committed to the business, and caring about people) and able to offer ‘a consistent level of personal service’ (human resource director, British). Therefore employees were expected to demonstrate certain ‘guest response behaviour’ including ‘how to be friendly to the customer, how to smile and how to make the customer feel that they actually care about them versus just another person on a seat’ (food and beverage director, American).

It could be said here that Americo’s approaches are redolent of organisations’ attempts to generate various forms of ‘self control’ which encourages employees to internalise the appropriate corporate values. Such values are premised on ensuring that employees will make the kind of decisions that management would approve of, most notably to ensure a quality service (Jones, Nickson and Taylor, 1997). Again there is an element of continuity here in terms of the belief in the founder of the need to recruit the ‘right’ type of people, a point illustrated by a passage from the founder’s biography (O’Brien, 1977: 138-39):

He was never - ever - going to be at the mercy of his help, of the all important sandwich-maker who turned out to be a drinker, of the key hostess who eloped without warning, of the temperamental chef who quit without notice to start his own restaurant. He wanted no more of that and he wanted no more of having to advertise for and interview critical replacements; he wanted an available pool of his own people; [Americo] *indoctrinated*, [Americo] trained believers that he could draw on in an emergency (emphasis added).

Indeed, a feature of the interviews was the number of managers who had spent at least 10 years with the company, and a substantial minority who had been with the organisation for over 20 years - with such managers being more likely to be considered as ‘Americo people’. Furthermore the perception of other managers in the industry, as reflected by some of the interviews with the non-Americo managers in the other

case study organisations, is that the company is particularly concerned to mould managers (and employees) into their ways of doing things. This point was also recognised by a number of the Americo managers themselves: ‘I remember at college being told that [Americo] people are brainwashed. I remember at college I know squat about [Americo], the only thing I knew about them was that they were brainwashed. I had these images of these zombies going round saying “I am an [Americo] manager” sort of thing’ (director of catering, British).

Americo managers drew upon a similar internalisation of the appropriate values and attitudes as underpinning the delegated responsibility and autonomy which associates had in the context of the ‘Whatever it Takes’ culture to respond to customer demands: ‘...with [Americo], the number one thing is the guest always comes first. They are so hot on the idea that you wouldn’t be here without the guests...We have lots of training programmes but the big one is “Whatever it Takes”, you have to do whatever it takes to make the guest happy’ (guest relations manager, British). In Britain, where this approach was less developed than the US, training was reinforced by company adverts in the quality press which drew upon various instances of empowerment to demonstrate to guests (and employees) concrete manifestations of ‘going beyond and exceeding customer expectations’. An example of these adverts was of a night porter who spent half the night searching the Vienna tram yards for the briefcase of a forgetful guest who had left it on the tram. The ‘moment of truth’ successes these adverts represented stemmed from employees passing on details of such encounters. This and similar examples were also ‘celebrated’ within the organisation via an empowerment hotline, and other internal communications⁸. In this way Americo’s use of empowerment could clearly be seen to be part of an ‘internal marketing’ agenda, where ‘quasi evangelical [and] celebratory examples of employee achievements of exemplary service’ are used internally to ‘involve, motivate and educate employees’

⁸ A feature of the interviews within Americo was the number of empowerment stories told by managers. One of the more interesting ones was recounted by an American general manager: ‘Four weeks ago there was a robbery and two of my associates chased down the robbers and caught them in the parking lot. They just felt like doing it, they may have been a little stupid as they could have got hurt doing it, but they felt empowered’.

(Hales, 1994: 56). Part of this education was to ensure that the employees, whilst meeting customer expectations did not, at the same time, cost the company money. So it was a case of 'Whatever it Takes' but not whatever it costs (and see Jones *et al.*, 1997).

Thus, although the talk of responsibility, autonomy and creativity suggests Americo had seemingly resolved the paradox between a need for standardisation and consistency and allowing front-line staff a large measure of discretion in the interaction with guests, this espoused lessening of control was within very clearly delineated parameters: 'You need to ensure the parameters are in place. A lot of people can be frightened by the responsibility that empowerment gives you, so that by boxing it off it gives people a framework around it to make them more comfortable' (human resource director, British). Managers explained that this approach ensured that employees felt 'comfortable' in taking decisions. However, in fact, a further justification centred around setting financial boundaries. This was seen most clearly in the description of a 'compensation matrix' being developed within the American hotels:

We have just developed here recently what we call our compensation matrix for people...Let's say for instance if a customer calls you about the cleanliness of their room. Well the first thing that you would do, the guideline is that you would go for an apology letter and you would send them a room service amenity, a fruit and cheese basket. If it's several issues within the room, you may give them a 50 per cent reduction on their room rate for the one night. If there's more issues 100 per cent reduction. So you as a desk clerk you're authorised to give that customer their money back for the night's stay (general manager, American)⁹.

⁹ Some of the managers were sufficiently reflexive to recognise the paradox of an espoused empowerment approach going hand in hand with more circumscribed responses, as suggested by the 'compensation matrix'. This point, though, was most clearly articulated by an independent consultant working at

Furthermore a \$200 limit was set on decision which did not require managerial approval, with such decisions being described as 'no brainers'.

As was suggested earlier there are close links between empowerment and TQM (Hales, 1994) and Amerigo had in place various devices to monitor the situation. For example, a training video used in the US to highlight the correct empowered responses contained a message from Mr Amerigo jnr telling an employee 'do whatever it takes and track and measure what you have done so the next time it is more cost effective or more efficient' (international director of training and organisational development, American). As an American front of house manager noted, 'if you are not tracking then you don't really have an accurate picture of what is going on, fortunately we had a good tracking system in place before we started [empowerment] training'. Thus customer complaints are recorded on a card, which the customer completes, and employees are also required to report actions that they have taken to resolve any difficulties. Guest satisfaction surveys provide further information through which Amerigo can monitor the effectiveness of the 'Whatever it Takes' strategy.

Many organisations would claim that employee responses are an indication of a genuine commitment to deliver on the corporate promise (Legge, 1995; and see also Redman and Matthews (1998) for further discussion of this point). The evidence from this case study does not allow employee reactions to be measured. However, some managers were aware that employee responses were more instrumentally oriented. For example, in Poland an initially enthusiastic response to the prizes associates could collect by contribution to the 'quality ideas box' faltered when associates had collected all the prizes that were on offer and it was only when these were changed that employee interest was aroused again (director of human resources, Polish). More positive reinforcement mechanisms are the 'celebration' through service award seals and wall plaques of any employee who is particularly recognised

headquarters who observed that: 'If you're giving them a list it's almost a very parent thing. I mean you do

by guests to have given outstanding service. In some hotels other tangible rewards were provided, thus at one of the London hotels employees who removed trays from outside guests bedrooms could collect stickers which could be exchanged for bottles of wine, champagne or brunch for two (food and beverage director, British).

The interviews also probed with managers how Americo could empower low level, low paid, low skill jobs. A British resident manager conceded: 'the majority of people are happy to make decisions, but they just need to know that some one will back them up or point them in the right direction. But I don't think you will ever get chambermaids totally empowered because in London they are of the opinion that "I just wanted to be a chambermaid"'. As this suggests, in the context of associates who were not in direct contact with guests, the concept of empowerment was problematic: 'These people [in the kitchen] even when I have trained them said "Well, you are talking about empowerment, but I have no contact with the guest" and then it is difficult to explain to them that the guest is not the outside guest, it is the internal guest and customer' (human resource director, American). Managers though had difficulties in articulating how this meant that some one washing the dishes really felt empowered.

As far as Americo were concerned the idea of empowerment was clearly a source of competitive advantage as they sought to exceed customer expectations. Equally though there was also a range of further benefits to the organisation from empowerment. As a British food and beverage director commented, 'The basic philosophy behind empowerment training is that we're taking decision making policy and moving it to the lowest levels in the organisation'. A related aspect of this is the shrinking role for managers and supervisors, a point which was noted by an American general manager: 'About ten years ago we had between the general managers and the owner of the company about eight levels, today we have only two and this is neat'. Moreover it was also suggested within departments this delayering was also apparent:

the same with kids'.

'we've gone from nine [managers] down to five and it runs fine. The staff members fill the gap, we've asked them to do it and they've said "sure, we're glad to do that"' (food and beverage director, British). This recognition that employees were seemingly happy to 'fill the gap' may also be explained by the fact that delayering at unit level had also gone hand in hand with downsizing at corporate headquarters. As Wheeler and McClendon (1998) note, most large firms in the US experienced downsizing of staff numbers in the 1980s and 1990s (the director of service development suggested that the number of employees working at the corporate level in Americo had been reduced from 4200 to 3400 and was envisaged to go down to 2200), although the impact of this reduction within the ostensibly family-oriented Americo company seemed to have a particular resonance:

I think the organisation went through a lot of trauma because they'd never done it [made people redundant] ever...it must have taken a huge toll on Mr [Americo] because he is very family-oriented, very much proud of where the company is...and I'm sure knowing the type of man he is it was not an easy thing to do (consultant working at headquarters, American).

However difficult, Americo had, as an organisation, acted in a wholly economic and rational way in this process of downsizing, and this would exemplify Storey's (1987) 'hard' approach to HRM. A further result of this downsizing and its impact on Americo was arguably the remaining employees at corporate and unit level may have been fearful of their jobs if they had not been willing to 'fill the gap'.

Moreover Americo employees were increasingly filling the gap in other ways, most notably in the expectation that they would become multi-skilled via the use of cross-training. Americo's approach to creating a functionally flexible workforce was arguably rather more systematic and planned, compared to Frenco and Swedco (and see Chapters 7 and 8). By making cross-training voluntary, Americo was seeking

people who were genuinely committed to true multi-skilling. This point was also reinforced by fairly tough criteria for being cross-trained. Employees who were interested in working in another part of the hotel had to fill out a cross-training form. Furthermore the employees had to be rated as outstanding in their appraisal and have been in their current position for at least six months and matched the job profile for the position they were interested in training in. Having satisfied these criteria departmental manager would then set up interviews with interested employees and if they considered the employees acceptable would allow them to cross-train in their department.

At the time of the interviews Americo had just rolled out an initiative to create a multi-skilled front office employee, this new position was described by the director of services: 'there used to be five specialists...a doorman, a valet, a bellman, a desk person and cashier, and they've all been combined, cross-trained and now they're guest service associates, so they can take care of everything'. Indeed, Americo seemed to be attempting to create Riley's (1992) description of the genuinely multi-skilled hotel operative who has no strong overall departmental orientation. For example, an American general manager outlined his vision of the future where, 'associates...would want to and be willing to work in every area of the hotel' with commensurate compensation based upon their skill level. Thus if they were able to function in two or three different jobs they would be paid at a higher rate than those who were only willing to work in one area. In fact this vision was seemingly already reality in one unit:

I have a gentleman that's on my banquet staff as a banquet waiter, he's a banquet waiter, he can also bartender, but he also works as a GSA in the lobby helping to check customers in. So he's becoming a hotel man [*sic*] and that's the ultimate goal, that you get everybody to the point where you've got maximum flexibility with your workforce (director of food and beverage, American).

There has been a long established use of numerical flexibility in the hotel sector (see Wood, 1997 for a review) and while Americo seemed to have adopted a more 'progressive' approach by seeking genuinely polyvalent workers and functional flexibility (see for example, Henkoff, 1994), it should also be noted this exists alongside continuing use of numerical flexibility, for example the extensive use of casual staff in the conference and banqueting department. Moreover, within the context of the delayering described earlier in the chapter, Americo's approach to multi-skilling would seem to exemplify the reasons most often cited for introducing flexible working practices, namely, seeking increased productivity, reduced labour costs and an ability to ensure that fluctuations in demand can be met by employees able to do several tasks (Wood, 1997: 168). In those terms Americo's approach to flexibility would seem to encompass both elements of 'hard' (numerical use of human resources) and 'soft' (functional flexibility seeking to create resourceful humans) HRM (Legge, 1995).

2.4 Discussion of integration, co-ordination and the role of the international manager

As has already been noted the key mechanism of integration and co-ordination within the international hotel sector, has traditionally been the standards and systems approach, and their attendant SOPs, as utilised by the early American chains. As Edström and Galbraith (1977) note, however, in some international companies managers themselves have had a role to play in the control and integration process when, as expatriate managers, they were at least tacitly to engage in the corporate socialisation of host country colleagues, particularly to ensure such managers are more likely to make the 'right' type of decision which the corporate headquarters would approve of. However, as noted in Chapter 2 of this thesis, this overtly control-oriented approach is inimical to organisations seeking a more geocentric orientation, something which Americo were attempting to achieve. Thus the use of expatriates

could be thought of as disadvantageous to this aim (Borg and Harzing, 1995; and see Table 2.1 of this thesis). If transnationalism is to mean a company with an 'internationalised management' and the abandonment of a strong, nationally-based management culture (Bartlett and Ghoshal, 1989) then Amerigo had to be seen to moving away from an over-reliance on American expatriate managers in the process of co-ordination and integration. Indeed, this process of 'denationalisation' could be thought of as particularly problematic in the case of Amerigo. As already noted Hu (1992) has suggested that companies can never, in reality, be truly stateless and will always draw on their national origins. Equally, as argued, by Ferner (1994; 1997) and Ferner and Edwards (1995) American MNCs have traditionally relied on relatively high levels of expatriate managers and a concomitant ethnocentric approach. Indeed, the evidence suggests that Amerigo were in the process of beginning to wrestle with these issues as they sought a more international focus.

The difficulties that Amerigo were likely to have escaping their roots was one which was widely acknowledged by a number of managers, who identified several barriers. First, there was the fact that the overwhelming majority of units were still in America and this meant that many of the managers still thought of Amerigo as an American company, catering for American business travellers in the main. As Hu (1997) has argued for a company to be considered global its operations should be evenly spread amongst nations, and the predominance of units within the USA can be clearly seen to inhibit the company's ambitions to become more globally oriented. Second, the company still had centralised controls and there was still pressures for consistency in terms of maintaining the brand image: 'when you have a certain philosophy and you believe in the product and service that you are delivering, that is what the [Amerigo] brand stands for' (director of service development, American). Finally and relatedly attempts to utilise a strong corporate culture as a mechanism for integration is likely, in the first instance, to enhance the perceived need for central direction: 'your corporate mission and vision statement, the game plan if you will...it all stems from

Washington, and they have an influence on us and we certainly follow that' (training and human resource director, British).

Not surprisingly as a consequence of these factors a key role continued to be envisaged for American expatriates, to ensure that the transfer of Americo's corporate culture was successful. The use of expatriates was apparent even at the wholly owned British hotel which had been in the company stable since 1983: 'I would say at executive committee level, with the exception of probably people like human resources, which would tend to be local...same with the engineer...I would say sales and marketing can also be local, but GM, financial controller and frequently food and beverage would be expatriates' (training and human resource director, British). The rationale for this approach was outlined by the international director of training and organisational development in his description of the selection criteria for general managers:

I think the selection criteria for GMs is understanding your market and being competent in running the hotel, but a major portion is understanding the corporate systems and being able to tap into and utilise it for your benefit, especially if you are out in Surfers Paradise, Australia. The further away you are the more necessary it is to be able to do that and just by coincidence most of our people that have had 20/25 years experience spent time in the States and they were American in the transition abroad.

It was suggested that such managers are, 'grounded and rooted in the Americo philosophy and culture' so much so that 'you can give me a line up to ten individuals and put three Americo people in there and I bet you most of the time I'd be able to identify who they are' (international director of training and organisational development, American).

While at the current stage of international development most of these individuals were likely to actually be American, some respondents were of the opinion that non-American managers could, through long association with the company, become 'Americanised'. Part of this process had, in the past, involved sending managers back to the US for secondments of several months in order to immerse them more fully in the culture and systems of the country. Thus, at an Americo hotel in Warsaw, a number of the Polish managers went through this process, including the Polish human resource director who has been sent to a hotel in Boston for six months of training, which encompassed both technical training and also corporate culture-type training 'on what [Americo] was all about'. The increasing numbers of potentially non-American managers resulting from the international expansion of Americo was, though, making the costs of this strategy prohibitive. At the time of the interviews, though, it was noted that, 'all of the [foreign managers] at some in their career have spent time in their career working in the States so they've all gone through our systems' (international director of training and organisational development, American).

Americo also utilised what was known as the 'task force': 'when we are opening a new hotel trained, qualified and experienced [Americo] people will go and spend any time up to a month or two months training the local people' (training and human resources director, British). The 'task force' was used throughout the world and again was clearly concerned with transferring an American approach, 'We would bring in a task force from the United States and we taught local managers [Americo] ways...[including the need] to sensitise the associates in those countries to the fact that we are catering to American business men and women at this time' (general manager, American). Such factors suggest that within Americo the more egalitarian arrangement implicit within the geocentric or transnational approach is still somewhat problematic. Thus the reliance on American expatriate managers, 'Americanised' non-American managers, and the task force provided a 'comfort zone' for American guests

in terms of confirming that their expectations would be met; arguably, this 'comfort zone' also appealed to corporate headquarters.

As has already been noted the primary focus of Americo has, until very recently been within the United States (and despite relatively aggressive internationalisation the bulk of Americo's hotels remain in America), with the consequence that 'we always consider ourselves to be fundamentally an American company' (director of service development, American). The change in strategic direction towards the growth internationally and through an emphasis on quality service delivery has led the company to explore how it might move to a more geocentric or transnational approach: 'we are starting to go through the pains now of being an international organisation' (director of service development, American). Central to such a move is the need to acknowledge, as has already been discussed, the cultural diversity of local markets, but increasingly Americo also recognised the need to extend this reasoning to the role of host country managers: 'I'm very sensitive to the fact that people go over and they present US information that is not even relevant or has not been customised for an international company and if you want to ruin your credibility that is the way to do it or make assumptions, go in and assume that things are the same in Cairo as they are in Washington, that's not the same at all'.

To aid them in this process of becoming more globally aware the company have been working with Stephen Rhinesmith in a consultancy capacity and C.K. Prahalad, an academic, on their global competitive strategy¹⁰. To this end Americo was noted to be looking at global leadership: 'What does it mean to be a leader that can come out of Warsaw, who can move into Krakow, or better yet Berlin and functional effectively, diagnosing what is going on and leading your team...Then we move specifically with

¹⁰ Americo seemed to invest heavily in research and development type activities and quite often this meant working with consultants or academics. Along with Rhinesmith's work on globalisation - *A Manager's Guide to Globalization: Six Keys to Success in a Changing World* - several interviewees also mentioned the work of Stephen Covey, author of *Seven Habits of Highly Effective People*, which was described by one manager as 'our latest bible'. The international director of training and organisational development also mentioned that the company had worked with CK Prahalad on global competitive strategy (see for example, Hamel and Prahalad (1985) and Prahalad and Doz (1987)).

cross-cultural communication. How do you communicate effectively within a German culture if you are Polish, or vice versa' (international director of training and organisational development, American). It was acknowledged by the same respondent that 'we are still trying to figure it out when it comes to global leadership'. In fact, as has been noted to be the case with many international organisations, decisions about the particular mix of expatriate, host country or even third country nationals within management teams tends to be dependent upon the parent companies' perception of the degree to which the local management culture is compatible with what is required and that individuals can be trusted to manage without strong corporate direction (Borg and Harzing, 1995).

Senior managers perceived that Americo would eventually be able to transcend its national roots and acquire a more global orientation with the increase in the number of hotels which were outside the US. In part, while it was recognised that the company would have to change its approach to the relationship with locally operating units, the desire to develop a more culturally diverse management team and style may, as suggested by D'Annunzio-Green (1997), be facilitated by a mainframe computer in America which had a five page profile - including career history - of all the 10000 managers world-wide. The computer also provided details of all internal vacancies to employees throughout the world¹¹. In addition the cultural diversity within the United States itself also has a role to play in Americo becoming more culturally reflexive, and as Micklethwait and Wooldridge (1997: 263) note, 'In America, the pressure for a more multicultural future is not only coming from globalisation but also from domestic demographics'. This was a theme taken up by an American director of human resources:

About 40 per cent of the population in this hotel is Vietnamese and we have another 10 or 15 per cent who are Hispanic and another 20 cent would be African American and throw in the Ethiopians, Phillipinos.

¹¹ This facility was also available to all franchisees if they were willing to pay for it.

There is no industry in the world, other than hotels who have as many different cultures as we do. It affects everything that you do, every memo that you put out, every article that you put out, everything has to be in all different cultures, it goes all the way down to the food that you have in the employee cafeteria, everyday, what people eat. So it has a tremendous affect on us, the hotels are a melting pot, for all diverse communities.

The degree to which companies like Americo are rather cultural mosaics or remain culturally imperialist as opposed to melting pots will now be discussed in relation firstly to country-of-origin effects and then in consideration of the country-of-operation.

3. Country-of-origin

As was argued in Chapter 2 the nationality of the MNC is a significant determinant of their behaviour and, often, an MNC's strategy will clearly reflect the national business and economic culture from which they emerged (Ferner, 1997). Essentially, within Americo, it is possible to identify four features which relate to the country-of-origin. The first is the perception outside the US of American multinationals; second and relatedly is the extent to which US management practices are considered to be synonymous with global management practices; thirdly, is the extent to which America is considered to be the exemplar of a customer-oriented service culture (Wood, 1997); and finally there is the question of the institutional framework from which Americo emerged, and particularly the impact of this on the question of trade union recognition. These aspects will now be discussed in turn.

Firstly, in relation to the perception of Americo, as an American MNC, the evidence points to several important issues. As discussed within section 2.3 of this chapter, Americo had not been able to instantly transcend their national origins in seeking to

become a more globally-oriented company; and, if anything, were likely to find it somewhat more difficult to move away from a latent ethnocentrism due to their American parentage (Ferner and Edwards, 1995). There was evidence within the company that Americo still exemplified many aspects of the 'American model', although this had been increasingly overlain with a greater awareness of the need to seek competitive advantage on the basis of a high quality approach. A further aspect of the perception of an American MNC was the extent to which MNCs more generally are likely to subsume national economies in the process of globalisation. Concerns in this direction have invariably invoked the spectre of American MNCs being at the forefront of such processes: 'we still have, somewhat, the idea of being the big bad American company who are sucking up all profits and taking them all back and putting them in a bank in Southern California or something, and nothing could be further from the truth' (general manager, American) (and for a further review of such debates see Servan-Schrieber, 1968, and more recently Latouche, 1995; Ritzer, 1998, and Spybey, 1996).

Second, as has already been suggested Americo were still concerned with exporting an 'American way of life' (head of the works council, Austrian) and managers had some awareness of the likelihood of this being seen as imperialistic or in pejorative terms by host countries. Nonetheless the rhetoric of transnationalism in evidence at corporate headquarters can also be seen as reflecting an increasing concern by American companies of the need to decouple themselves from, or at least blur, their national identity. Thus as long ago as 1971 Carl Gerstacker of Dow Chemicals dreamt of buying 'an island owned by no nation' on which to establish 'the world headquarters of the Dow company on the truly neutral ground of such an island, beholden to no nation or society' (cited in Micklethwait and Wooldridge, 1997: 248). More recent debates about the character of the successful global company have arguably intensified the belief that the most successful companies are those who are able to, in the oft-repeated prescription, 'think globally and act locally'. This is most clearly expressed in the notion of the transnational as a company with the ability to manage across

national boundaries, whilst retaining local flexibility (Scullion, 1992). Within America though the espousal of transnationalism was tempered by the view that the US was perceived to be the benchmark for other countries in terms of providing an internationally acceptable management and operating style:

What is right? What are the standards? What are the systems that are appropriate internationally and in the United States? When you are a US company you make an assumption that expectations are fairly uniform...Now the interesting thing is, and we're still studying this, is that if a person travels to an [America] in Munich, are they expecting a German hotel or a [America] American hotel. We still do have quite a few US travellers going abroad, because they're the ones who know the name. Now what happens when an Arab or a China man or an American goes there, do they have different expectations and perceptions? Right now we seem to think that our standards are pretty good, they're fairly uniform, there are some challenges, with it, but there doesn't seem to be an overriding issue right now with other people accepting the US standard in a foreign country (director of service development, American).

The ethnocentrism implicit in this statement was further exemplified by the American director of service development who noted how, in the early phase of internationalisation, host country managers were likely to be sent to the US as '...it's in their best interests, they can come over and learn our standards and take them back'. Although as has been noted the company increasingly used specialist 'task forces' to train within the country-of-operation, the underlying rationale is still to train 'the local people in our way of doing things'. This highlights the assumption that American companies, rather than being reflective of and tied to their national origins, are neutral constructs in national terms and thus the practices and systems which they utilise are perceived to be 'natural' rather than constructed in or contingent

upon a particular institutional framework (Brewster, 1995). This was most clearly expressed in the 1970s in the view of Jaques Maisonrouge of IBM that 'the global structure of excellence' needed to be based on the American model which would supersede 'irrational nationalism' (Barnet and Mueller, 1975: 62 & 55; see also Micklethwait and Wooldridge, 1997 for a more recent discussion of this point).

The third dimension of the country-of-origin is the notion of service and customer orientation. Within the specific context of the service sector America - along with France - is often held up as the exemplar in relation to the creation of customer friendly service cultures, with Wood (1997: 188) noting how the US is 'frequently lauded [as the] home of customer-oriented consumerism'. Consequently the transference of such expertise may well be welcomed. In the past this transference may well have taken the form of, in Leidner's (1993: 47) words, 'relentless standardisation' and 'infinite replication' and this would most obviously be exemplified by McDonald's. However whilst this approach may have been acceptable within the fast food sector, it has been noted that, increasingly, in the international hotel sector organisations compete on the basis of offering high levels of quality service and 'authentic' service delivery. Clearly, America were more concerned to develop an approach premised on this latter view and a feature of the evidence was the extent to which America themselves seemed to be a clear example of this proactive approach to service.

A number of interviewees commented on the fact that Americo guests (who as has already been noted are often American) had very high expectations in relation to the service provided. Indeed, to a large extent the company themselves had created these expectations by the use of empowerment as a key marketing device: '...because of all the marketing they have done with empowerment, the Americo guest thinks anything is achievable' (resident manager, British). A British training and human resource director who had worked in the hotel he was currently in, prior to it becoming an Americo hotel, also recognised some of the major differences between British and

American approaches to service: 'I think their philosophy on service was very different...a lot of the American style of service, whether you are in the restaurant or a luggage porter or whatever, of actually approaching customers and saying "how are you?" "What can I get you?" "What do you need?" Staff in those days were seen but not heard, so that was the change'. One of the ways in which this was manifested within Americo was in relation to 'aggressive hospitality', which was mentioned by several interviewees. The rationale for this quintessentially American concept was illustrated by one interviewee, who noted how, 'four or five years ago...things...like empowerment were impressing our customers, now its come to a point were they are expecting it...We need to come up with new and creative ways to continue to impress them and to exceed their expectations and hopefully we'll be able to do that' (director of human resource, American). However, this 'Americanness' could be experienced negatively and this was the case with some aspects of 'aggressive hospitality' which some interviewees considered 'too American' (resident manager, British) (and for further discussion of this point see next section).

The final aspect of the country-of-origin was Americo's unitarist approach to employee relations. This situation is unsurprising given both the institutional features of North American industrial relations and the sector context in which Americo operate. In relation to the latter, research suggests that many hospitality managers have a deep antipathy towards trade unions (Aslan and Wood, 1993). In terms of the former Wheeler and McClendon (1998) note the continuing decline of trade unions within the US with union density at around 15 per cent in 1997, with a very small number of private sector union members within that figure. Therefore Hollinshead and Leat's (1995: 278) view that 'There is a strong tradition in the US of employer independence and hostility towards trade unions' was confirmed by the evidence from Americo. Interestingly though the company's antipathy towards trade unions was more often expressed as being more 'pro-associate' rather than necessarily anti-union. Typical of this view was an American human resource manager: 'Are we anti-union, I'd say no. I'd say we are more pro-associate and obviously it's not in the best

interests and we don't think it's in our associates best interests. What's nice about Americo is they ask what they want and they give them that, so there is really no need for outside intervention'. Although a rather more proactive strategy of avoiding union involvement was also suggested by several other interviewees. Indeed, an example of this more proactive non-union approach was provided by the British training and human resource director at the wholly owned London hotel. When Americo had taken over the site over 70 per cent of the staff were in the union, but the company gave notice it intended to disengage from union recognition. Americo were the first hotel within the West End to do this and as a result most other companies operating hotels in that area followed suit. This would seem to exemplify, albeit in a small scale manner, Ferner's (1997) notion of 'cross national isomorphism', where MNCs introduce country-of-origin patterns into the host country operation and more general environment.

4. Country-of-operation

As was discussed within Chapter 2, no matter how strong the country-of-origin effect is, it is equally likely that the units of MNCs in overseas locations will be influenced by a variety of factors. These factors encompassed harder institutionalist factors, such as industrial relations systems and softer cultural factors, which are more concerned with how socio-cultural influences may shape peoples' workplace behaviour (Olie, 1995; Tayeb, 1994). Clearly, then, attempts by MNCs to transfer their ways of doing things are likely to be mediated by the host country and the attendant societal effects. Within Americo there were several examples of this. Thus although Americo had been successful in transferring aspects of the physical product and the hardware, the mediation of Americo's corporate culture was more apparent in relation to aspects of the software. Examples of this mediation included: the impact of cultural specificity, in terms of notions of service and particularly a failure to fully internalise the empowerment rhetoric; and in relation to more institutional factors the

need for Americo to adapt to prevailing legislative structures. These will now be discussed in turn

In relation to the cultural specificity of service Leidner (1993: 221) has suggested that cultures, other than the United States, may see an overly friendly or overbearing approach to service - as exemplified by 'aggressive hospitality' - as intrusive and unwelcome. This was recognised by an American general manager who described the difficulties facing Americo in different cultures: 'Culturally in Asia people are timid and less aggressive, so for them to be really aggressively hospitable like we like to see in the States, may not be the best approach, because they have their own style of hospitality which is very meek and mild'. This point was also commented on by a British director of catering. He firstly noted how things like training videos sent over by the corporate headquarters did not always work within the British context, describing them as 'out of kilter', 'too intense' and 'hyped'. These views were also reflective of a wider suspicion of the utility of an America approach to service and he further noted how '...the Americans have always been fairly gullible for "hey how are you doing?", but that's shallow. A lot of Americanisms are shallow - "have a nice day" - he couldn't give a toss if you had a nice day or not it just comes out of your mouth'.

The issue of cultural specificity, and of what denotes 'acceptable' service and equally what could be expected of the service employee within the 'Whatever it Takes' rhetoric, was particularly resonant within the Polish unit, where there was also residual institutional aspects of the communist system. This mediation of Americo's corporate culture reflects Soulsby and Clark's (1993: 2) view that within the organisational context 'It has proven impossible to erase 40 years of state socialism as ideology, institutions and behavioural patterns, and simply inscribe the values, structures and appropriate conduct of "market capitalism"'. For example, as the American director of guest services noted:

The people that are here are here to work, they want to get the job done and do a good job. However they are not necessarily interested in working 10/12 hours or six days a week, that is perceived as unreasonable.

The same interviewee also noted the difficulties in operationalising an empowerment strategy in Poland as 'for 40 years these people didn't have to use their initiative'.

The general manager of the same hotel commented:

...people didn't necessarily want empowerment and it took some time for them to be involved...we empower a lot of people without giving them the proper base of training so that they don't know what they have to work with, they don't know what the boundaries are. It was just amplified here, because they didn't want it. It was 'I just want to do my job, I don't want to be recognised for anything in particular and let me do that to the best of my ability'. So I guess you have to watch that.

At one level the relative lack of internalisation of empowerment, and the service culture it attempts to create, is perhaps not unexpected within an emergent post-communist society, with Drakulic's (1994: 18) comment that 'In my east European vocabulary [the word serve]...could mean only something bad like servitude, slavery, humiliation, something definitely negative' being instructive here. Nevertheless this continuing scepticism towards the issue of empowerment is particularly interesting, especially in light of the lengths which Americo went to, to train the Polish staff and managers to ensure that they would be fully inculcated into the Americo way of doing things. As has already been noted a number of the Polish managers had been sent to the US and there was also the 'task force' inculcating the American way of doing things, finally the hotel had opened with 40 expatriate managers (though this was down to 17 at the time of the interviews). Clearly, then, Americo were concerned to

get it right in Warsaw and as the Polish director of human resources, who was in charge at the time Americo first located in Poland commented: '[Americo] [wa]s completely different [to Polish firms]. I would say it is a very unique company, they have a system which you would call a totalitarian management system. In other words they put a lot of stress on control and training'. This is an interesting choice of words, particularly in the context of Eastern Europe, but the interviewee felt this was 'justified, because in 1989 in Warsaw you had to brainwash somebody to get their hearts and minds'. Nonetheless the failure to fully capture all employees 'hearts and minds' in Poland would, therefore, seem to exemplify elements of both institutional and cultural constraints to the transfer of MNCs corporate culture (Ferner and Edwards, 1995).

In a similar vein there was also a number of interviewees in the UK who conceded that the empowerment message was not always fully internalised by employees. For example, an American general manager in the UK felt, '...you know it's interesting because empowerment at the hotels I worked in, in America, it's a little bit easier to put in place than in this country...people are a little bit hesitant of turning loose of the final authority and that is something we have had to work on with varying degrees of success'. This lack of internalisation of the notion of empowerment could be thought of as problematic, given the key role ascribed to empowerment in ensuring high quality service. In those terms Hales (1994: 56) argues 'If products and communications are to be successful outside the organisation, they first have to be successfully promoted and implemented internally: external marketing strategies are only effective if employees, through their attitude and behaviour "deliver the promise"'. On the basis of the evidence from Americo it would seem that US managers and employees may have been more comfortable and proactive in delivering the promise, whereas some UK employees still needed to be convinced and as one manager noted this may well have reflected a cultural difference between the UK and the US, particularly in relation to the idea of 'good' service.

The director of service development at the corporate headquarters also recognised some other difficulties in transferring elements of the Americo culture abroad. He felt these difficulties encompassed fairly pragmatic things such as language problems wherein English was the second language, or not spoken at all by some employees, which amongst other things made for difficulties in translating or customising training materials. This mediation was further apparent in relation to harder institutional aspects, for example the greater influence of trade unions in Europe, which created pressures for compromise and adaptation:

...you can't let people go the way you can in the States. In the States you can say 'hey we had a bad month we'll try and hire you back next month'. With the social programmes around you can't do that and labour has much more say in what you do. You look at Germany we rolled out this there and we had to deal with the labour unions. They were fine after they understood what was going on, but to go over and not spend a lot of advanced time with them would have been a disaster and it goes on and on and on.

Similarly the legislative structure meant that Americo had to work with the Works Council and trade unions within a unit in Vienna (the hotel being 80 per cent unionised), though this relationship seemed fairly harmonious. For example, both the head of the Works Council and the personnel manager concurring that things such as collective agreements were reached with relatively few problems.

5. Size of the MNC

The evidence from Americo offers some interesting issues in relation to the size of the MNC and the impact this might have in terms of whether they may seek a more global orientation. Thus although Americo were a large organisation, until very recently their main concern was the domestic market and as several interviewees noted they

remained a fundamentally American company. As they started to internationalise more heavily it would be interesting to see the effect of this on the company's orientation. On the one hand Americo certainly seemed to have both the wherewithal and willingness to invest in training and development programmes which are considered crucial in creating a more geocentric outlook base (D'Annunzio-Green, 1997), e.g. the managerial data and the use of academics/consultants. Equally though on the other hand their massive geographic presence in the US, and the residual effect of this in relation to the organisational mind set, could be thought of as inimical to a more global approach (Hu, 1992).

6. Stage of internationalisation

Within Americo there was clear evidence of the organisation seeing internationalisation in an evolutionary way. This was most obviously exemplified by the use of Rhinesmith's prescriptions to create more globally oriented managers. The use of Rhinesmith and other consultants/academics was seen by Americo as crucial in attempting to move away from being an American company. Based on Rhinesmith's work Americo had been attempting to take a more proactive approach to global leadership in five key areas, which were described by the director of training and organisational development at the headquarters:

- global competitive strategy - and the need for the company to ask themselves 'What are we doing? Do we go into a market strategically or use a more opportunistic approach?';
- global leadership - how would Americo create global managers who were effective in diagnosing and analysing what is going on and leading team in a variety of different cultural settings?;
- cross-cultural communication - and the need to communicate effectively;

- working cross culturally - ‘What do you do when you are the GM and I happen to be Mexican or Saudi or Chinese or whatever, and there is a big difference culturally’; and
- re-engineering - and the need to start with a clean sheet in analysing any new operation or unit.

At the time of the interviews Americo were refining this approach and were just about to ‘roll out’ a curriculum of global development based on the above points.

This global development agenda also delineated attempts to move away from their initial approach to internationalisation which was clearly based on the creation of the so-called ‘comfort zone’, which was characterised by its ethnocentrism, and increasingly seen as inappropriate for Americo’s more global ambitions. A final aspect of this was the time frame and all of the interviewees at corporate headquarters recognised this shift in emphasis to a putatively geocentric approach would be lengthy and difficult.

7. Mode of expansion

One of the more interesting aspects of Americo’s expansion methods was the relationship maintained between the UK franchises and the parent company. As has been previously noted, Americo had generally eschewed franchising and had a small number of franchises, although the overwhelming majority of hotels in the UK were franchised. Gannon and Johnson (1997) make the point that franchising offers a relatively high degree of control due to the use of detailed corporate standards which necessitate unit conformance to the parent company approach. As discussed in section 2 of this chapter this was certainly the case within Americo. Indeed, one general manager of a franchise told of how all guest questionnaires were sent back to Americo’s corporate headquarters for analysis and suggested that if the hotels guest satisfaction fell below a certain point, Mr Americo himself would be on the phone to find out why this was the case. This high degree of control is, as already noted, not

unusual in the relationship between franchiser and franchisee. However the findings from Americo were a little more unexpected in relation to the extent to which even franchisee managers had seemingly internalised the corporate culture. Gannon and Johnson (1997) believe that possibility of socialisation control in franchises is limited, but this did not seem to be the case in Americo's franchises, with a number of managers talking effusively about another company's culture and particularly the extent to which it seemingly overrode Canco's culture. Furthermore this socialisation control was also further enhanced due to the possibility of the franchisees utilising the world-wide database operated by Americo, which allowed those units who had bought into, it access to all managerial vacancies across Americo.

8. Conclusions

The key theme which emerged from the Americo evidence was the extent to which the company were still clearly an American company. This rootedness to the US was manifested in an ethnocentric approach to internationalisation which pervaded both the hardware and software of Americo's international strategy, for example the continuing use of American expatriates in key positions such as general manager and financial controller. Nonetheless at the time of the interviews Americo were attempting to develop a more global orientation. This attempt to shift to a geocentric approach was premised on the work of several key consultants, most notably Stephen Rhinesmith. The use of consultants denoted a fairly proactive approach to developing a more global business strategy, though the question remains as to the extent to which Americo could move away from their strong national origins. Relatedly the widely held view of Americo managers that American standards were, in effect, synonymous with global standards suggested that Americo faced major difficulties in creating a genuinely global mind set within the company.

A further interesting aspect of the company was the extent to which Americo's corporate culture still drew heavily on the influence of the founding family. The

conflation of old and new had created a strong corporate culture which seemingly demanded obedience and devotion from managers. Indeed, a feature of the interviews conducted within Americo was the evangelical and largely uncritical support for what the company was attempting to achieve. Furthermore the majority of interviewees professed support for the basic philosophy which the founder had put in place at the company's inception, the notion of looking after the associates. This view underpinned a well developed TQM and empowerment-based quality strategy which aimed to sustain high levels of customer satisfaction. Allied to this Americo also had a number of other HRM initiatives, which drew heavily on notions of accepted good practice.

CHAPTER 7 THE INTERNATIONAL HOTEL INDUSTRY CASE STUDY

EVIDENCE: FRENCO HOTELS

1. Introduction

This chapter focuses upon the hotel operation of the French travel and tourism group Frenco. In terms of the geographic spread of hotel provision Frenco are suggested as having the most comprehensive representation of all international groups, with units in 65 countries (*Hotels*, 1997). In addition they are often cited as characteristic of a geocentric or a transnational approach to globalisation with specific reference to their objective of developing a strong global corporate culture. The results utilised in this case study stem from 20 interviews with managerial personnel at a variety of levels and functional specialisms. Interviews were conducted at the corporate headquarters near Paris and Frenco hotels in France, Great Britain, Poland and the US.

The chapter will firstly review Frenco's approach to the hardware, which recognises the company's continuing belief in the benefits of standardisation and operating systems, which are redolent of the American model. However the chapter will also describe how Frenco attempt to add elements of 'Frenchness' to their upper-market brand, particularly in the food and beverage provision. In relation to the software there will be a description of traditional French management to allow for an assessment of how Frenco are seeking to de-emphasise their national origins. It will be argued that Frenco draw much more on prevailing notions of good practice HRM, compared to more customary French management practices. The chapter will also chart the key role of Frenco's training centre in attempts to create a global corporate culture and cadre of managers. Attention will then turn to how the company seeks to encourage a quality-driven approach to the service encounter. Initially Frenco was reliant on mechanisms which were very similar to established business systems, but more recently the company has attempted to shift to

empowerment-type mechanisms. The chapter then addresses the extent to which Frencos have sustained an internationally successful corporate culture and the role of managers within this process. Frencos' attempts to achieve a more geocentric orientation are suggested as being partially successful, though a number of difficulties remain and these are further developed in relation to the country-of-origin. In reviewing the impact of the country-of-operation there is evidence of both positive and negative consequences, as Frencos seek to respond to other national business cultures. Finally, the chapter briefly discusses the range of other factors identified earlier in the thesis, before offering a conclusion of the success of Frencos' attempts to become a more global organisation.

2. Approaches to internationalisation

In the space of little over thirty years Frencos has grown from a single hotel in France to one of the biggest hotel groups in the world. Such a rapid expansion has a number of consequences, not least the shift in emphasis from being a French company to being a putatively global organisation. A corollary is an attempt to engender a truly international outlook in the company, which has obvious implications in terms of the mix of corporate and national cultures. At one level Frencos has clearly achieved a global spread which would justify terming them a global organisation. The 1997 Annual Report notes how the entire company, which encompasses other activities such as restaurants, railway services and travel agents, was present in 121 countries and employed 121,000 people¹. As already noted their hotels were present in 65 countries. However, in common with many other international hotel chains, until recently the heaviest concentration of hotels has been within the country-of-origin. That the company is shifting its focus though is clear, as figures from the Frencos 1997 annual report show that there were 1,065 hotels in France and 1,512 outside of France. This contrasts with figures for 1993 which were respectively 905 and 1,276 and in 1994, 925 and 1,340.

¹It is noteworthy that the 1997 Annual Report actually used the American term 'associates' when talking about

As will be demonstrated with the evidence from Frencos there has been a shift relatively recently within the company towards corporate culture as the primary focus of integration. Thus the key issue in reporting the findings from the interviews is the extent to which their widespread geographic presence has been matched with a shift in the group's culture to a more geocentric or transnational-type approach. It is in this context that these findings are reported, and this is nicely captured in the view of the director of the groups training centre who suggested that Frencos was evolving into a more international company in terms of its culture and outlook: 'Frencos was French, up to I would say the end of the 1980s, but starting from 1990 onwards it is world-wide and international'. This could be said to refer both to the company's physical presence and also, importantly, their mind set. To assess some of these considerations attention now turns to the extent to which Frencos were building a genuinely global and internationally acceptable corporate culture.

2.1 The hardware within Frencos

Although Frencos managers were keen to differentiate the Frencos product and approach from the established model adopted by the American chains (a point which will be discussed in greater detail later) it is clear that, in fact, the benefits of standardisation and standard operating systems were well understood within, and a central organising principle for, Frencos. This underpinning is perhaps most apparent within the budget and mid-market brands:

The fundamental characteristic of the [Frencos mid-market brand] hotel concept is of international standardisation of the offering. What is therefore required is consistency of the offering in every location in which

Frencos's employees.

it is available...Standardisation of the offering means putting into place a service delivery system that is robust enough to survive transferability across borders and generate consistent service standards to satisfy customer expectations, irrespective of local conditions or infrastructure. (Segal-Horn, 1995: 16)

Certainly this was a point recognised by an English front of house manager who, in response to the question of what attracted people to Mid-Brand, replied, 'standardisation, yes the concept is simplicity, the bedroom is very basic but it has got in there everything that you need' consequently 'whichever [Mid-Brand] you go to, people expect the same, that is the attraction'. Therefore within Frengo, in relation to the hardware, the degree of autonomy which managers had was clearly delineated. This was a point acknowledged by a British training director, 'There are only a few things with us that are rigid, that is the product. The hardware of the bedrooms, that the manager can't touch, the uniforms, the branding, the logo, the headed paper and all that sort of business'. Any minor concessions to local markets tended to be in terms of things like regional variations in the menu in the hotel restaurant.

Thus it is clear from the evidence that the American model of internationalisation established by the early international chains continues to provide many of the key organising principles and the decline and demise of the model is perhaps exaggerated (Nickson, 1998). Nonetheless it is perhaps a reflection of the embeddedness of the American approach within the international hotel sector that increasingly in the 1980s, and more specifically in the 1990s non-American owned chains have sought to differentiate elements of the physical product as shaped by signifiers of national origin. Thus companies like Frengo (and as will be discussed, Swedco) were able to position themselves within the market by suggesting that their hotels within the upper market segment offered the customer the added dimension of 'Frenchness', which exemplifies the

'exotic' or 'foreign' appeal international service organisations may attempt to transfer across national boundaries (Mathe and Perass, 1994): 'Oh yes it's very French...the product itself, the amenities, the food is a big thing, it has to be French. The atmosphere, Bastille Day they do something' (human resource manager, American).

Clearly, then, one of the most obvious areas in which companies like Frengo were able to emphasise a distinctive national input was in food and beverage provision². The notion of good food and drink is particularly important within the French context (Barsoux and Lawrence, 1997) and for one senior manager it was the only overt thing which denoted 'Frenchness' in the Up-Market brand, 'the only exception will be the approach of the kitchen, which is very French, with [Up-Market] the top product, but now we will never try to export the French touch in things which are not close to the kitchen'. When Americans stay in a Up-Market hotel in America they may, therefore, consider that they are visiting France: 'This is why [Up-Market] have capitalised on this by including French shopping including a boulangerie/patisserie in their hotels. Thus a guest can check out in the morning with a baguette under his arm.' (general manager, French). It was perceived by Frengo that, in order to preserve the sense of 'Frenchness' in the food and beverage provision, a number of French staff were likely to be employed in the kitchen. In contrast, and as already noted, in the mid-market brand managers felt there was little or no French influence in the product and conceded that guests were unlikely to realise it was owned by a French MNC. Indeed, as a further development of this point it is worth noting the view of a French general manager: 'I think tomorrow people don't want to be bothered with choice, that is why [Mid-Brand] is great in terms of the bedroom, they are all the same...and what I see in the future is a no choice menu, you know you go in and

²As was noted in Chapter 5, by way of comparison, there were also several interviews conducted in an up-market French-owned hotel group which was selling itself on the basis of its 'Frenchness'. The interesting thing which emerged from those interviews was the way in which British managers also picked up on the way such 'Frenchness' manifested itself in relation to food and beverage. Typical of these views was the director of human resources in one of the hotels who recognised that 'the French are complete snobs about food and wine, and think they are the only nation in the world who can produce good food and wine. Sometimes they might push this point of view too much, but to a large degree it is absolutely true'.

somebody comes with the soup and it's followed by nice good quality food with friendly service and you don't look at the menu'. This view would seem to offer support for the notion of irrevocable homogenisation of goods and services, as advanced by a range of writers, albeit writing from rather different standpoints (see for example Levitt, 1983, and Ritzer, 1996).

Frenco could be said, then, at the upper-market level, to offer elements of 'Frenchness' within a widely accepted understanding of what the international hotel would be expected to provide, especially to Roper *et al*'s (1998) so-called 'international hotel customer'. This recognition of a conflation of international standards with a hint of Frenchness was recognised by several interviewees: 'This does not mean that a customer can visit the [Up-Market] Houston or [Up-Market] San Francisco and they will not experience "l'hotellerie à la Française" or French tradition if you prefer to call them will be part of the hotel. The French expectation will be fulfilled but within a more international context' (general manager, French). In contrast, within Americo there was limited discussion of the inherent 'Americanness' of the physical product, understandable given that this is the benchmark within the international hotel sector; indeed, with the somewhat negative connotations attached to American hotel chains (for example, Boorstin's (1963: 106) pejorative description of the Hilton hotels he had visited as 'models of American modernity and antisepsis' and see Nickson (1997: 217-20)) it would have been counter productive to stress this dimension.

In common with many other organisations companies like Frenco may be thought of as having a management style and related corporate culture that is heavily influenced by the company's national origins: 'I think the spirit, the philosophy and the way of doing things is very French, not only in France, but in the UK, Canada, wherever' (managing director, French). The degree to which these elements are shaped by particular national styles of managing, or are rather, more heavily reliant on 'vague national stereotypes'

(Edwards *et al.*, 1996: 43) is something which will be considered in the next two sections as we move on to consider the software of Frengo, and then work organisation and the service encounter. Within this a particular issue will be the extent to which Frengo was seeking to move away from an approach which inextricably linked them to their French origins and the extent to which, increasingly, the company was, rather like Americo aspiring to be, 'denationalised'.

2.2 The software of Frengo

A range of authors (e.g. Barsoux and Lawrence, 1997; Hollinshead and Leat, 1995; Poirson, 1993) describe a very particular and traditional management style which characterises French management practices. Such a style being most noted for autocracy, paternalism, impersonality, formality, rigidity and bureaucracy. For example, Poirson (1993: 62) suggests that many of the more recent ideas disseminated by American companies and business schools, such as empowerment, do not correspond with French managerial tradition and values, and he further notes how:

[France] has trained an elite, capable of conceiving policies in a centralised manner and applying them with conformity with the rational principles of organisations as decreed by Fayol...For a long time this proved pertinent and efficient.

Consequently Poirson argues that the weight of history means that the past continues to exert a strong pull on French companies and that this may, in fact, be inimical to the introduction of a more strategic approach to the management of human resources. Indeed, Barsoux and Lawrence (1997: 102) note how the cultural characteristics of French management 'have often inhibited the introduction of new organisational forms (such as matrix structures) and practices (such as management by objectives and empowerment)'.

Nonetheless, the same authors do go on to recognise that ‘As in most countries, French business rituals are losing their identity (slowly) under the influence of international business’ (ibid.: 133). The impact of things such as: globalised competition; the need for differentiation within product markets; increasing importance of product and service quality and initiatives such as total quality management (TQM); availability of new technology; and a growing service sector has meant that French management practices may be changing as companies recognise the limits of the traditional French model of management. The latter point about a growing service sector is particularly important in terms of understanding the corporate culture of France. Poirson (1993: 63) has argued that the hierarchical distance is less pronounced in the service sector in France, and furthermore that the service sector is more likely to provide ‘progressive’ French companies who are attempting to move beyond the stereotypically French approach to management, as described above. Indeed, the French philosophy is explicitly influenced by the ‘excellence literature’ and current human resource management (HRM) thinking which suggests the organisations most valued assets are its people.

The French culture, which has been described as ‘marriage en famille’ (Barham and Rassam, 1989: 92), has its most specific articulation in the ‘little blue book’ on French Ethics and Management which was held to express ‘the common objectives and spirit of togetherness which creates a Group unified in spite of its diversity and originalities’ (Ethics and Management Booklet). Therefore the values and principles which France seek to ‘defend’ ‘communicate’ and ‘practice’ contained a mix of good practice HRM and more ethically-oriented prescriptions to establish ‘model’ behaviour. For example, the more generic HRM influence within France is reflected in the ‘values’ such as quality, profit, growth, innovation, training, participation, decentralisation and communication which were held to symbolise the French philosophy. In relation to the ‘model’ behaviour the booklet suggests an ethical approach has to be underpinned by respect for: colleagues (e.g. managing by consent); clients; suppliers; government; franchisees; and even competitors.

Furthermore, a key aim of Frengo in the 1990s was to develop a corporate culture that was robust enough to act as a mechanism of integration across national boundaries.

As has been noted international companies which draw strongly upon their national identity might find that this is a barrier to internationalisation. For example, the utilisation of high levels of expatriate managers from the home country often has the effect of alienating local managers and employees (Borg and Harzing, 1995). Equally though, as was discussed in Chapter 2, international organisations may never be able to become truly 'stateless' and wholly transcend their national origins (Ferner, 1997; Hu, 1992). Nonetheless, as international companies increasingly seek to utilise induction and socialisation processes to integrate across national boundaries they do so in a way that, as much as this is possible, is driven by a corporate culture which is not readily identifiable with their national origins. The value of this shift is that, 'Developing a global corporate culture transforms a corporation and its management into an entity in which it is difficult to discern a single country bias - from the executive suite to the lowest or most critical level in the organisation' (Rhinesmith, 1991: 43). This becomes the much vaunted corporate 'glue' which binds the spatially and culturally diffuse organisation together. Within this context it is clearly Frengo's intention to shift the emphasis from being a French company operating internationally and towards an international organisation which happened to be based in France. In moving to be a global organisation it is recognised that the managerial mentality is of central importance: '...shared management understanding is often a much more powerful tool than structures or systems in co-ordinating diverse activities' (Bartlett, 1986: 395). The emphasis, therefore, is on the normative integration of managers into 'a common culture and unifying vision' (Bartlett and Ghoshal, 1989: 70).

Within Frengo a key role is played in the process of sustaining a unifying culture by the company's training centre - the Frengo Academie - which Frengo themselves recognise as

the 'cornerstone of our corporate culture' (Barham and Rassam, 1989: 182). The Academie, established in 1985, and based at the corporate headquarters, is the company's 'corporate university of service' concerned with training employees (although mostly concerned with management training) in both technical skills and increasingly in the culture and philosophy of the company³. The Academie is described in Frencos's own literature as 'the melting pot, showcase and broadcaster of the Frencos culture' and as 'the international cross-roads for communication, exchange and the sharing of experience...a forum for ideas, debate and conferences, where management trends are discussed'. The intention of the training centre is to generate some degree of learning, interaction and networking by bringing together managers from the whole group and the rationale behind this echoes the need to equip managers to act effectively in a culture broker role: '...we have a lot of people that want to broaden and enlarge what they do and they don't know how to behave with other people. If you take people from here to Moscow or to Sweden try to imagine how people behave from here to China' (managing director of hospitality studies and training, Swiss). This reflects Bartlett and Ghoshal's (1989: 66) contention that 'the most crucial task of transnational managers is to encourage a shared vision and personal commitment to integrate the organisation at the fundamental level of individual members'. Thus the Academie attempts to facilitate a high level of cultural empathy to enable managers to recognise the complexities of differing cultures and the concomitant need to 'respect different cultures'. The emphasis is, in the words of a French managing director, to ensure, 'The "new" manager must see the culture of other countries if only to understand his guests and staff as both becoming truly international in nature'.

The Academie also played a central role in bringing together managers from around the world and from different brands to generate ideas for future strategy and to engender

³ The Academie was a profit centre and 'sold' its services both to the Frencos group and also to outside companies, though not competitors. For example, the managing director of the Academie suggested that they would not offer training for other large hotel groups, but would be willing to put on some development activities for a small hotel or a group of three or four hotels. Interestingly they also offered training to non-hospitality organisations, such as IKEA.

cultural synergy: 'It's part of my life...there is a genuine feeling of interest from the team that makes you feel part of the Frencos family, and it is the centre of the Frencos family. Last time I was there, there was a course with 13 different nationalities and eight different languages...and that was very great, because those people are from Togo, Gambia, Perth, wherever, and I think they felt really Frencos and that was nice' (general manager, French). This process of synergy was most apparent in the showpiece 'Summer University' which had the objectives of: enabling managers to meet each other; the exchange of management techniques; preparing for the group's future; and promoting the concept of a chain (Summer University Pack, 1996). Consequently, the 'Summer University' was described by the managing director of the Academie as an international gathering with the idea that managers came with a number of suggestions with the intention that 'you sell your ideas to the public, like Hyde Park Corner and the soap box'. The 'public' in this case being other senior managers, who either liked the idea and would go away to work on it as a group, or go on and work with what they considered a more interesting idea. An American general manager who had attended the 'Summer University' described it thus: 'it was two weeks with a lot of very bright people and it was a very creative process and it's very free fall. There is a structure to it but it's meant to be creative sessions. It's great and excellent for generating ideas and making friends from all over the world'. The eventual outcome of the 'Summer University' is a book which serves as a guide for future strategy. A further example of activities at the Academie was team building games, such as the 'Planet Frencos'⁴ which encouraged participants to understand and participate in the corporate culture.

⁴ Planet Frencos was, frankly, somewhat bizarre. This trip 'to the moon' to play the space age game seemingly involved managers dressing up in astronaut like costumes to play a game which encouraged participants to understand the Frencos values, with such understanding being rewarded by points within the game. Moreover there were also other examples of similar types of 'games' being used for management development. A British general manager talked about a card game which was a training tool for health and safety issues and also about a board game called StratFrencos, which was described as something like Monopoly, and also based on Planet Frencos.

Generally both French and non-French Franco managers were very enthusiastic about attending the training centre, and appeared to enjoy the opportunity to meet people from other countries: 'the Academie is something very fantastic for us. If you recruit a new manager and you let him (*sic*) work with us for three or four months in the UK and then you let him go to the Academie for a management course, he is completely changed'. However, it was not simply the course, 'the course is no different from so many. I think in the course he learns something technically, but he also learns the philosophy and that is very important' (managing director A, French). In such a process, it was suggested, the managers 'change for the world' and passed the corporate philosophy down the chain. There was also a key role for the Academie in attempting to create the conditions for a more international company and also as a place to disseminate a range of ideas within the group: 'the Academie has, at the international level, a major role, and that role is to listen and to keep up to date the local trainers on what is going on within the evolution of techniques and styles and areas of concern that we have at the Franco level' (managing director B, French).

The transfer of managers between brands could be said to further facilitate the spread of the Franco culture as a unifying mechanism across the organisation and, as with Americo, this was supported by a computer database that notified managers of all vacancies throughout the organisation. The 'ideal' Franco career path was thus of an individual who could communicate in at least two languages, who had worked in at least two different brands and who had experience of two professional areas, the intention being to create a truly rounded 'international manager' who saw the company from a more global perspective. In many respects Franco may claim that these managers are reflective of a putatively 'stateless' company which is likely to be peopled with what Reich (1991a: 77) has called 'a growing cadre of global managers - supranational corporate players, whose allegiance is to enhanced world-wide corporate performance, not to one nation's economic success'; such managers being 'more distant, more economically driven - in essence more

coldly rational in their decisions, having shed old affiliations with people and place'. As was argued by D'Annunzio-Green (1997), organisations who wish to develop truly international managers must provide development opportunities to allow for the acquisition of skills needed to work in the global market place. Frengo certainly seemed to manifest many of the aspects suggested by D'Annunzio-Green as encouraging a more global outlook. Most obviously, the international career pathing, attempting to encourage cultural adaptability and empathy, and the use of a sophisticated database to monitor movement within the company all point to a geocentric orientation within Frengo.

Whilst Frengo were seeking to integrate and co-ordinate units with the creation of a 'new management mentality' (Bartlett and Ghoshal, 1989) and a strong corporate culture, there was also evidence of Frengo utilising several HRM techniques in a similar way to America. Most obviously this was in relation to the ideas of autonomy, openness and responsibility which were held to characterise the Frengo management style and the Frengo concept of intrapreneur or in-house entrepreneur (Barham and Rassam, 1989: 179) in which managers were expected to identify improvements themselves. Virtually all the managers interviewed affirmed the importance of autonomy, openness and responsibility within the Frengo approach. In relation to autonomy it was noteworthy that a number of interviewees within Frengo liked to consider the company as qualitatively different from the American chains who exemplified the American model⁵:

It's two worlds, it's completely different. American chains are structured, fully centralised, everything comes from the top and this makes a whole difference. If you take Sheraton, Hilton, Marriott we have nothing in common, nothing. We are fully de-centralised, maximum power at the

⁵ There was an interesting comparison drawn by one of the interviewees between his experience at the Academie and some time he had spent at the Holiday Inn University, thus 'Holiday Inn was very technical, it was very standardised, methodical...at the Academie there were technical aspects to it...but it was more cultural and the philosophy of the company and values giving a framework for you to work entrepreneurially within' (general manager, American).

lowest level, we don't have books, they have books and they have a lot of things, if you don't know something open page 250 and find the answer. This is the American way (managing director of hospitality studies and training, Swiss).

An American chief concierge also suggested that Frengo's approach could be compared favourably to the more rigid American approach, which was concerned with creating 'robots' who were supposed to do as they were told. In contrast, in Frengo the interviewee suggested that, 'you are completely free...and that is one of the main ingredients that make employees loyal and productive...they don't change your personality like some other companies'. Although this was somewhat contradictory with his later recognition that at times employees were told to say things in specific ways in interacting with the customer. Thus Frengo were perceived to have 'standards and philosophies' which provided 'guidelines' as opposed to 'rules' (see also the later discussion on the service encounter for some interesting evidence of such 'guidelines' contained in the 'Mid-Brand Bolts').

On the question of openness, all the managers argued that it was something which was inherent within the company and encompassing all levels: 'we are more open than other companies, there was an open door policy and you could go from the GM to the president of Frengo. I can pick up my phone and phone the president's secretary and I can guarantee you I will have an appointment' (managing director B, French).

Interestingly when a British personnel manager talked about openness she saw this as a manifestation of a French approach, in that sense she commented that, 'There are some methods of management which are very French. I think the openness of the company is very French. It is very relaxed working atmosphere, we can approach whoever we wish to...everybody's door is open...whereas having worked in British companies to see a

general manager you normally have to make an appointment three weeks beforehand and you hardly know their name’.

The notion of ‘openness’ appeared to be one so alien to many British managers that they believed it reflected the approach of the nationality owning the hotel in which they worked. In fact, evidence suggests the openness would probably be quite novel to French employees, as generally openness is not encouraged by French companies. For example, Barsoux and Lawrence (1997: 88) suggest that ‘The French like to have a “territory” to call their own - and the impregnability of the sanctuary tends to increase with organisational status’. Based on their research in a range of French companies, albeit within the manufacturing sector, Barsoux and Lawrence noted examples of senior managers having soundproofed, forbidding doors which encouraged people to seek access via the secretary’s office. Arguably, then, the support for openness professed by the managers (particularly the French managers) within Frengo exemplifies that the culture of the company has more to do with an approach which draws upon models of a more ‘internationalised’ HRM rather than on a nationally specific management style.

This openness was also evident in open structures like the ‘open table’: ‘where I have eighteen people [employees] around the table, with no management around...I have dinner with them for four hours, and explain to them about the company for half an hour, and for three and a half hours they ask questions...It’s very open’ (managing director A, French). General managers also ran similar systems within individual units. In a similar vein there was also evidence of a participative approach to managing within some of the brands. A managing director in the Midscale brand noted this in relation to a newly launched initiative called the ‘golden idea’. In each hotel the general manager was supposed to sit down with staff and discuss aspects of employees jobs and how to improve efficiency. On this basis ideas generated by staff were submitted to the head office in Paris. Corporate staff would select the strongest ideas which were then developed in the hotel

which proposed the idea. If these ideas proved to be successful within the hotel that proposed them they were then disseminated to all hotels within the brand. Again this denotes a clear example of Frengo drawing on notions of best practice HRM as opposed to what would ordinarily be found within a 'typical' French organisation, where senior managers usually refuse to listen to staff and the vertical communication of ideas up the organisational hierarchy is usually frowned upon (Poirson, 1993: 63-65).

Clearly, then, the influence of HRM thinking was very strong in Frengo and it was noticeable, as in Americo, the extent to which these policies were geared to making the connection between employee satisfaction and customer satisfaction. For example, a booklet produced for employees in the Up-Market brand hotels in America saw a symbiotic relationship between employees, customers and shareholders. In relation to the first two stakeholders the booklet suggested that Frengo created a virtuous circle by meeting employee expectations of training, development, fair treatment, participation and recognition/rewards. As a corollary employees would be more committed to satisfying the customer expectations of professionalism and quality service.

As with Americo, Frengo therefore attempted to develop a range of key HRM practices which are suggested as being important to support quality service approach (and see Redman and Matthews (1998) for a general discussion of the relationship between HRM and service quality). For example, the company attempted to create a strong internal labour market and a number of interviewees noted how they were obliged to look within the hotel first and then within the wider company for any vacancies which arise. Only if there is no suitable person internally for a position will it be advertised outside the organisation. In relation to training, Frengo line managers were responsible for training their own staff and attended 'Training the Trainer' courses to equip them for this. A training director for the UK also offered greater detail as to how the Mid-Brand brand sought to ensure high levels of training were maintained in units. Each department, and

individuals within departments, had a training plan mapped out for them and this was monitored by a training co-ordinator, who was usually a head of department. The training co-ordinator was responsible for ensuring training took place and for recording all training in a matrix which was sent to the director. She could then monitor what happened in each hotel and be in a position to discuss the progression of every individual in the various units. The same interviewee also noted how within the UK the chain was in the process of seeking Investors in People (IiP) accreditation, which denotes employers developing proactive and on-going high class training and development for employees.

As with Americo, a number of the HRM initiatives described above were broadly concerned with creating the conditions which allowed for the empowering of employees and to assess this point further attention now turns to how Frencos were seeking to manage the service encounter and approaches to work organisation.

2.3 Work organisation and the service encounter

As was noted in Chapters 3 and 4 intensifying competition in the service sector, and specifically the international hotel industry, has led more and more organisations to attempt to compete on the basis of high levels of service quality to meet increasingly demanding customer expectations. This shift from reliance on aspects of the hardware to a greater awareness of the software has a particular resonance within Frencos. Segal-Horn and McGee (1997) have noted how the core mid-market brand within Frencos, Mid-Brand, was something of an innovative approach in the 1960s and 1970s. Thus the market positioning within the three star market was a source of major competitive advantage, due to the paucity of other hotel chains which offered anything other than an upper-market brand. Clearly, though, with the process of segmentation described in Chapter 4 it is now commonplace for most major hotel groups to also have a brand within the mid-market

segment. As a result of these changes Mid-Brand as a brand, and Frencos as a company, increasingly saw the need to shift the emphasis to the softer elements of the product.

Within this shift in emphasis towards the softer aspects of the product, it is noteworthy that, initially, Frencos continued to base some aspects of their operations around established business systems. An example of the continuing use of American-type practices was seen within the Mid-Brand brand where attempts to base quality in both the hardware and the software were on the basis of what were known as the 'Mid-Brand Bolts'. This system to monitor standard procedures was introduced into the company in 1987 and was centrally designed and centrally driven and emphasised structural elements of service and is described by Segal-Horn and McGee (1997) as 'authoritarian' in terms of the concept and style that Mid-Brand was attempting to sustain, and was clearly concerned with managerial direction and control. As the then managing director of the brand wrote in the introduction to the booklet outlining the 'bolts', 'In our language a "bolt" signifies a quality requirement which contributes towards our client's loyalty to the brand. There are some "bolts" that define your attitude to the different clients and to the service you provide, while others are more technical and concern investment. By respecting all the Mid Brand "bolts" mentioned in this booklet, we will obtain the total satisfaction of our clientele'. The 'bolts' covered 13 areas within the hotel, including elements of staff-customer interaction, these areas being: reservation, arrival/access, parking, check-in, the lobby area, bedrooms, bathroom and WC, restaurant evening, breakfast, boutique, bar, playground/swimming pool and check-out. In effect, then, the 'bolts' were a series of compulsory directives to staff in terms of how to set out a bedroom, lay a plate setting, welcome a guest and so on. Moreover the 'bolts' became an integral part of the induction and socialisation of all new recruits as they received the booklet as part of their orientation procedure.

Despite the view of the managing director of the efficacy of this approach, within interviews, there was some disquiet amongst some managers in the Mid-Brand brand at the attempt to codify a 'zero defects' quality approach via the 'bolts', as, in reality, it was very much like the old standard operating procedures (SOPs) as developed by the Americans, a point not lost on one French general manager⁶:

Yes, I don't give a damn about 'bolts', why are they there? The company has them, you just make sure you do it, but I don't think they make a big issue out of it. There is also a [Mid-Brand] inspection when people come twice a year, and when I lose a point because we didn't say 'thank you for choosing [Mid-Brand]', I don't give a damn...that is very American, and the American way of doing things. Maybe I think the 'bolts' were necessary at one point to make sure that all [Mid-Brands] were doing the right thing. I think it is important to follow some but not all. I respect them because they are part of our company, but I don't make them a big issue.

As noted by the interviewee, Mid-Brand also utilised a number of internal inspectors, who were in effect 'mystery shoppers' who would, after their stay, meet with the general manager of the hotel to discuss their findings. Franco also extensively utilised customer comment cards and guest satisfaction surveys to elicit feedback from guests. Not all managers, though, were uncomfortable with these tight control mechanisms, especially in relation to the 'bolts'. For example, an English front of house manager felt that the 'bolts' were 'common sense' and that they are 'not as strict as they used to be'. Therefore she felt that the usefulness of the bolts was in setting 'general standards that departments have to adhere to'. This paradox between autonomy and high levels of control, which the 'bolts' attempted to achieve, was noted by a French general manager who attempted to

⁶ Indeed, as in Americo and the compensation matrix, one interviewee likened the use of 'bolts' as about

reconcile the potentially conflicting approach in his view that, 'I think it is a minimum, it is not the bible, it is not what we should do at all costs, it is a minimum standard'. A French managing director based in the UK, but who had also managed in the US, also recognised the dangers of attempting to impose American-type platitudes into the Mid-Brand set up. He noted how the 'bolts' had met with a very mixed response from the staff and that the French staff were particularly hostile to them. However, he did remain surprisingly supportive of what the 'bolts' were attempting to do: 'To me, I have been longer in America, even now I cannot believe it will hurt the mouth of someone to say "thank you for calling [Mid-Brand]"'.

At the time of the interviews though Frenco were attempting to move towards an approach which allowed greater latitude for employees, which was less reliant on direct managerial control: 'We are undergoing huge management changes at the moment, huge philosophy changes in the way the culture and the way the company is working' (training director, British). Part of the rationale for this approach was to return Frenco back to their entrepreneurial roots and the shift from a very bureaucratic system to a much looser approach was, rather like Americo, premised on what the founding co-presidents had initially sought to achieve at the inception of Frenco in the 1960s. These changes attempted to encourage a more proactive approach towards the customer and were particularly apparent within the Mid-Brand brand, where it was characterised as subsidiarity. This concept was very similar to the notion of empowerment, as used in Americo, and was described as, 'asking the lower ranking people to become closer to the clients by giving them autonomy to make decisions helping them to deal with complaints which is probably one of the most difficult things to do' (training director, British). This last part of the quote is important in illustrating that, as with Americo, Frenco faced a number of difficulties in motivating operative level staff to take such autonomy and responsibility. To ameliorate these concerns employees were encouraged to take

encouraging 'an adult-child relationship'.

responsibility for decisions within the context of 'le droit d'erruer' - 'the right to be wrong', with the proviso that people learned from their mistakes in making decisions. For example, an American human resource manager recognised this right to be wrong in his suggestion that 'they like employees to do their own thing and learn through it if you make a mistake. That is a very good thing...whether it is good or bad, you will learn from the bad and grow'. Frengo also developed a major training programme which sought to help the staff become more confident in dealing with customers.

A number of managers perceived that this shift in the culture of Frengo was already having some benefits, both for employees and customers. For example, a French front of house manager felt that the introduction of subsidiarity was 'wonderful' and had led to a 'much more relaxed style, which shows through to the guest'. This point of how the guest perceived subsidiarity was also picked up by a number of interviewees who suggested that increasingly customers had come to recognise and expect such a proactive and 'empowered' response from employees. Indeed, a French general manager suggested that he would rather have staff make a decision, and as suggested earlier, even if it was a mistake, learn from the mistake, such that, 'as long as you report I did this then it's not a big problem', although he did go on to say that employees would be expected to take the 'right' decision (i.e. one that managers would have approved of) 95 per cent of the time

Overall the training director of the Mid-Brand brand saw this change in culture from a authority driven, top-down, decision-making approach to a putatively employee led customer-orientation very much as a long term process and recognised that the company had a long way to go: 'when you suddenly take constraints away from people and say "here you are, go away and make the decisions", they think "how far can I go? This is the difficulties I am having at the moment'. Clearly, then, this policy of subsidiarity was not easily implemented at the unit level. A British personnel manager, discussing the changes in Mid-Brand's corporate culture, was far from convinced that decentralisation

and allowing employees greater autonomy was an easy process. Having first recognised that it made sense at the managerial level to give a great deal of autonomy, she felt at the operative levels within the hotel there could be problems. Thus despite recognising that the idea of subsidiarity was 'excellent', she went on to suggest: 'it is not happening, to get into operation will take some time. People don't take the responsibility for their jobs at that level and again that is something to do with the British culture and something to do with a lack of training people to take enormous responsibility'. She also offered some reasons for this and principal among these was prevailing low pay and low status within the hospitality industry, such that 'If you have got somebody working for £6000 a year and giving them enormous responsibility they are just going to say "it's not my job I don't care", and to change that will take a long time'. Several French managers also picked up on the notion of greater autonomy and particularly the fact that empowerment was now very fashionable in management. In terms of whether the autonomy and flexibility this represented was French or company specific, one interviewee - a French general manager - suggested 'It's a little bit French' tellingly though he went on to say 'but then again the Americans have done it much better than the French for years, so we can't really say it's French'. This view again recognises the fact that French were rather atypical of many French companies. Barsoux and Lawrence (1997: 87) exemplify this in their view that 'empowerment...may not be well received in French companies. This so-called autonomy makes individuals accountable for decisions previously taken by their bosses - and that is not what the French call freedom'.

As with America, French also found that the shift to a more devolved approach to the management of the service encounter and customer satisfaction allowed them to significantly reduce the number of managerial levels, both within the company and within individual hotels. As several managers noted, this delayering (suggested by one manager to, in effect, be two levels of management between units and the corporate level and one level within individual units) meant that there was now only one direct reporting layer

between general managers and the two co-presidents. Similarly, within individual hotels this delayering meant a reduced headcount, both in relation to the numbers of managers and also in terms of the number of employees. Nonetheless this had not been an entirely smooth process and there had been a good deal of resentment, particularly at the supervisory level, due to the flattening of the management structure. In those terms several interviewees (and particularly French managers) felt this resentment was particularly apparent within a number of English managers and supervisors, who were rather wedded to their titles and perceived positions of power: 'The head of departments are very positive about it because their role hadn't been affected...[but] the layer under the head of department, the supervisory role they are very hurt at the moment'.

It was also suggested that the changes within the culture of Frenco encouraged greater flexibility as staff sought to take on more responsibility. Regardless of these claims though, Frenco's attempts to create a multi-skilled workforce were arguably rather more reactive and ad-hoc as opposed to strategic and planned. This is something which is not uncommon in descriptions of 'multiskilling', where the changes are often better conceptualised as job enlargement for semi-skilled workers (Legge, 1995), particularly where this enlargement goes hand in hand with delayering and a reduction in staff numbers. This notion of job enlargement rather than genuine multiskilling would certainly seem true in the description of flexibility offered by a British general manager:

I have several receptionists who can clean bedrooms if there is a problem, I have a guy in the kitchen who can do that. I have people in the restaurant, most of the restaurant can do banqueting, receptionists can help out in banqueting. The reception manager can work behind the bar and so on. They are not all fully multi-skilled but everybody can do something.

An example that she offered was that all the waiting staff would know how to make a prawn cocktail and all the kitchen staff would be able to clear a table properly so if the restaurant got really busy both groups of workers could help each other. Thus despite the claim that the Mid-Brand 'ideal' was, 'that all the kitchen and restaurant staff are the same team, and they can both do the other's job', Legge's contention of multiskilling, in effect, being synonymous with labour intensification seems more appropriate here to describe the company's flexibility strategies. Moreover allied to these attempts at 'functional flexibility', Frengo also used high numbers of part-timers and casual staff as required and it was not unusual within individual units for 80 per cent of the housekeeping department to be contracted out with banqueting and luggage porters also likely to be contracted out.

2.3 Discussion of integration and co-ordination and the role of the international manager

Prima facie Frengo appeared to be able to transfer an internationally acceptable corporate culture across national boundaries, as it attempted to become a genuinely geocentric company. In this recognition of and respect for the complexities of differing cultures it is possible to see Frengo grappling here with becoming the learning organisation which Duenas (1993) describes as being the most developed form of international company. Thus at company level Frengo did not appear to draw upon corporate culture to spread the idea of 'Frenchness' in the same way, that for example Swedco drew on Swedishness or a Scandinavian approach to represent the Swedco Way (see Chapter 8). The Frengo management style appeared to be standardised across the company and as previously noted the transfer of managers between brands could seemingly facilitate the spread of the Frengo culture as a unifying mechanism across the organisation. This point was exemplified by a French managing director who suggested that the Frengo culture was easily transferable due to constant movement within the group, movement which

seemingly could be achieved without any great difficulty: 'I have no problem to come from [Mid-Brand] to [Midscale], and if tomorrow it was [Up-Market], I think I would have no problem, and it is the same for my colleagues'. A number of managers agreed with this contention and the view of a British training director, who talked effusively about the possibilities inherent in a genuinely global organisation, is largely representative: 'There is so much scope for travel, language studies, synergy within the brands, the world is your oyster really. If you join the group the possibilities are endless... You know where you can join and say next year I want to work in Australia or Canada, or the Caribbean or India'.

This movement, as has already been noted, was also facilitated by a computer database that notified all vacancies to managers throughout the world. Frencos appeared then, ostensibly, to recognise the difference between utilising international managers (expatriates moved around the company) and developing, at company level at least, a form of international management (an attempt to manage the company globally), or Reich's (1991a) cadre of 'global managers'. However, there were still examples of this attempt to shift to a geocentric approach being mediated within Frencos. For example, the discrepancy between the rhetoric of geocentricity and the reality of national specificity was echoed by managers from South America who complained that the training centre was too Eurocentric and who now have a training centre of their own in Sao Paulo, Brazil. Moreover the continuing use of relatively high numbers of PCNs and also the residue of 'Frenchness' in individual managers' styles meant that Frencos still had some way to go before becoming wholly geocentric.

Scullion (1992) has argued that large corporations tend to be somewhat pragmatic in the approach which they take when selecting managers based on an assessment of the reliability and expertise of managers in host countries. This was certainly true in Frencos, who despite their rhetoric about becoming a more global company, were also prepared to

make decisions which could antagonise local managers and employees in the host country, especially in relation to the continuing use of expatriate managers. Thus while Barham and Rassam (1989: 182) have argued 'There is no point trying to develop international managers if the organisation's culture remains ethnocentric', the same could be said for managers; and in Frengo's case there would be no point in trying to develop an geocentric orientation if the company continued to rely on relatively high levels of expatriate managers, and if such managers remained ethnocentric in their outlook (and see later discussion of Frengo management style under country-of-origin). Several of the French general managers who had managed outside Europe made the point that in places like Asia Pacific and the Middle East there always seemed to be a French general manager, because the locals might not understand what Frengo was all about. This would seem to exemplify a clear example of ethnocentrism and control-oriented transfers to ensure a 'trusted person on site' (Borg and Harzing, 1995) and something of a post or neo-colonial paternalism which is characteristic of the French view of some of its old colonies (Barsoux and Lawrence, 1997). Moreover it also chimes with Roper *et al*'s (1998) findings of a disjuncture between the corporate rhetoric of geocentricism and the reality of a predominance of white, Western (in this case, French) managers.

Indeed, this situation and some its implications was nicely illustrated by the experience of a French general manager who had recently been managing in Martinique in the French Caribbean⁷:

...for one month none of the local people would ever talk to me. I used to say good morning and no one would listen...after two weeks after that kind of welcome, I realised that those people have been here since the opening of the [Mid-Brand] and every two or three years there was a new white manager coming in...so the way I introduced myself to the team, we had a

⁷ The same manager had also worked as a food and beverage manager in French Polynesia, where he suggested

very big restaurant doing about 300 covers *à la carte* and we had eight head waiters, and what I did every night was a waiter's job, and if they could carry three plates I could carry five and I could sweat as much as they did and I did this for about a month...after this I gained their respect and they began to talk to me. They seemed to take the attitude 'he is white maybe, but at least he knows what work is about'.

He also recognised that due to the entire management team being European - the only exception to this was the rooms divisions manager, 'but they used to call him the white nigger (*sic*)' - a high degree of local resentment was very apparent. This was also exacerbated when during a five week strike it was the management team which ran the hotel and on that basis he suggested that, 'if you had local people on the management team it would be difficult'. In the UK there was a 50/50 split between French and English general managers, which senior managers conceded was not ideal. Indeed, the French managing director for the UK went on to suggest that a better balance would be 70/30 British/French, or even better the use of a number of third country nationals (TCNs).

Moreover not all managers were attracted to the idea of working in other brands. For example, a French assistant general manager noted how, 'I have had discussions with [the director the Academie] and his point of view is quite different to mine. He prefers people to have several experiences within different brands, but for more I don't feel happy with that and I'm trying to push to remain in [Up-Market]...I'm very much a [Up-Market] man'. In a similar vein other managers suggested that a move from the mid or upper-market properties to the economy or budget brands would be seen by them as a *de facto* demotion, even though they may be in the same grade, or as one manager suggested even if it was a promotion to a higher grade. A variant on this theme was provided by an American general manager who suggested that he would not seek promotion if it meant

Frengo sought to have French managers in senior positions.

working in Motel, which he characterised as 'too clearly a North American product' and not as interesting to work in as the upper-market (and nominally more 'French') Up-Market hotel.

More generally, although the findings reported to-date suggest a high level of managerial support of the attempts by Frengo to construct a corporate way based on the unifying values contained in the Ethics and Management book, there were some problems in the development and dissemination of the statement of corporate values. In these terms any scepticism of what Frengo were trying to achieve was manifested in relation to the way the 'little blue book' had been developed and presented. For example, a French managing director felt much of what was contained in the book were things which were axiomatic within the group and the brands. Although, he later conceded that there may have been a need to provide a framework which could be easily transferred, especially in the case of take-over or merger. A French general manager was also sceptical and questioned why the 'little blue book' on ethics and values had been produced because most people working in the company were doing it anyway and 'if they were not doing this there would be something wrong'. He felt this incident was merely a reflection of a large organisation and sometimes communication failure was inevitable in a geographically dispersed organisation such as Frengo. In a similar vein a French general manager acknowledged that there was some resentment that it had been pushed down from the centre, but this was something that he did not feel that strongly about: 'I have a copy somewhere [looks for it]. I tell you what, first of all I have never read it, secondly, nobody has ever asked me to and thirdly, I did read one page but I found it so boring'.

Indeed, within the context of the earlier recognition of decentralisation, autonomy and openness it was quite interesting the way this 'little blue book' had been produced, and particularly the extent to which this exemplifies a more 'typical' French approach (Poirson, 1993: 63-65). The managing director of the Academie recounted the story of

how it had come into being. Essentially it had been written by one senior manager who attempted to outline what he felt the ethics of the group were. Although most managers and employees in Frengo would probably agree with and wholeheartedly endorse these sentiments, there was, nonetheless, widespread disquiet as to how it was produced, i.e. by a senior manager with no input from colleagues. So even though the general response was positive towards the final outcome a large number of managers did not like the process and as the managing director of the Academie conceded, 'even if it's coming from the top a number of managers did not accept it because they had not been questioned about the ethics of the Frengo group'. He also though went on to suggest the very fact that he had told me the story was in itself instructive. In those terms he could have simply claimed it was successfully introduced with no dissent, albeit something which was not true. The very fact that he was willing to admit this demonstrated, in his words, the 'transparency of the company'. Again it could be argued that this openness is a reflection of Frengo's ability to move beyond its French roots, however as a significant part of the foregoing section has suggested the company was still struggling with national specificity and this is now further assessed by examining aspects of the country-of-origin.

3. Country-of-origin

On the question of the extent to which French had absorbed aspects of 'Frenchness' from their national economic and business culture several things were prominent within the evidence. Principal amongst these was the continuing high level of French managers being utilised by Frengo as expatriates, and also the way in which these managers still manifested elements of their home country business culture in their management style. Thus for a number of the French managers there had also been some problems in terms of utilising a French approach alongside the 'international' Frengo approach. A senior corporate figure commented, '...it is difficult because we are trained Europeans, our

company is French and on top of that we speak French...Frenco has French roots, we live in France' (managing director of hospitality studies and training, Swiss).

The recognition that change would not occur instantly was also articulated by a number of interviewees in the brands. In the words of a French managing director based in the UK, 'I would be hypocritical if I was telling you there wasn't some French to it because Frenco is French. Okay we may be international, or at least we think we are, but we are French'. Thus although there was a strongly expressed desire at corporate level to move towards an approach to management that stressed the international spread of the organisation and de-emphasised the French origins of the company, the continued reliance on a relatively high level of PCNs was making this difficult. A number of French managers were sufficiently self-reflective to be aware of the possibility of their 'Frenchness' overriding any attempts to create a more international or geocentric approach. On that point several interviewees, who were managing in the UK, noted the impact this may have on the host country nationals who they were managing. For example, a French general manager felt that the French style of management was 'very, very honest...which can be hard to take', while a French front of house manager felt that the French may be perceived as 'hot tempered...always making quick decisions and always late'. It was also suggested by several interviewees that there might be a tendency by host country managers to be culturally deterministic and to generalise French managers in this way. A French general manager picked up on this point when he suggested that 'it is bad to generalise' and that equally he knew 'very placid, very calculated and cold French managers', whilst finally acknowledging that within the UK, in general, 'here we have perhaps the outgoing ones, because we have come to conquer (laughs)'⁸.

⁸ It was interesting that so few managers', during the course of the research, picked up on the notion of stereotyping management styles on the basis of fairly arbitrary notions of Britishness, Frenchness and Swedishness or as representative of the aforementioned, 'rather vague national stereotypes'. For example, only one British manager, who was a general manager in Frenco, commented on this and recognised, 'The French, I know, we have a lot in the UK, but I wouldn't say that they all have one particular style. They are a bit like us, we haven't all got the same style, and the same applies'.

Indeed, this recognition of a certain amount of 'Frenchness' within individual manager's approaches was something that host country managers had also picked up. Typical of this view was the following comment by a British training director:

I think it has been a learning curve for the French to have to fit themselves into other cultures. Sometimes it doesn't come easy we do have difficulties and some problems here in the UK with that. We have got a lot of French general managers here and their whole working style is different from the English culture. They are much more aggressive and forthright and outright and they will say what they think. And sometimes that can be damaging to the English culture, to the employees working underneath who have to adapt themselves to French management styles. So we are in our own country trying to adapt to French management.

Another British front of house manager who had worked for four French general managers and only one English general manager was generally more supportive of the French style seeing it as 'laid back' whilst at the same time acknowledging that 'at other times they do tend to overreact'. Relatedly she also felt that they also tended to 'overdo the French thing', not so much in the very international mid-market brand, but more in terms of paying more attention to the French staff who were working at operative levels within the hotel. It was unsurprising then to find a British general manager suggesting that there was still a strong element of Frenchness within the company, and consequently Franco 'still have a lot of work to do, it is still very French, but they are working to change that'.

The difficulties of adopting to such a change was clearly something that Franco were in the process of addressing, sometimes not always successfully. For example, a French

general manager acknowledged there were still hiccups in this process of change, citing the example of communications received in their unit from corporate headquarters:

...but sometimes we are stupid. For example, in the UK we still receive some memorandums in French, not all, but some. Come on, we are one of the biggest hotel groups in the world and we are still doing that, so I feel a bit of shame for my English colleagues for these things if they don't speak French...We take it as a joke, but it shouldn't happen, and when you talk to head office in Paris they will laugh and say we are a French company.

The foregoing discussion appears, then, to reflect a possible tension between a espoused corporate management style and at least a residue of French management training and education which, as has already been noted has traditionally been characterised by high levels of formality, hierarchy and centralisation (Barsoux and Lawrence, 1997). Similarly it has already been noted how a high number of French managers in expatriate positions remains something of a problem in France's attempts to be seen as more geocentric.

A further aspect of the country-of-origin effect is the extent to which French managers had a certain amount of 'cultural capital' to legitimise their relationship to and role in the company (Jones *et al.*, 1998). In many respects this reflects the view of Wood (1997: 183) who declares that:

It is a commonplace (indeed common sense) observation that hospitality service work in the UK tends to be stigmatised to the extent the few people want hospitality service jobs. Whenever this view is articulated it is usual within the same breath to applaud the hospitality service cultures of other countries, France and the USA being popular exemplars marshalled to this particular cause

Thus Wood (1997) has developed a useful model by which comparisons can be made as to how hospitality work is perceived, based on the notions of cultural acceptability of hospitality employment and the relative value of hospitality pay (Figure 7.1).

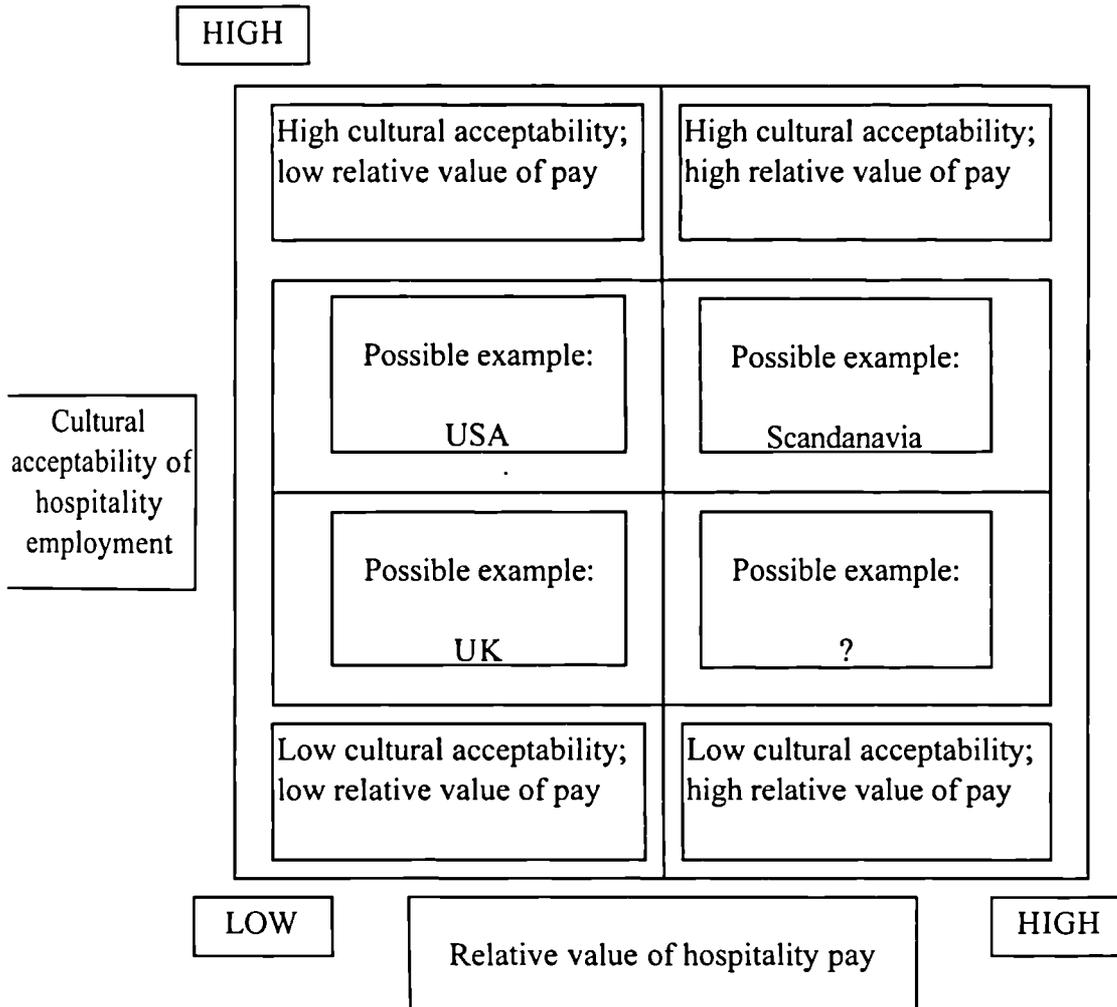


Figure 7.1 A model of cultural acceptability and relative pay in the international hospitality industry.

Source: Wood (1997: 186)

As can be seen, Wood posits that the UK can be located in the quadrant of his model which is reflective of low cultural acceptability and also low relative value of pay. It could be further suggested that France could be placed in the quadrant which is reflective of both high cultural acceptability and relatively high levels of pay. On that basis Franco and French managers may have been perceived as bringing a more professional approach from France, particularly in relation to food and beverage. This was noted by a French general manager, 'Yes I feel a lot has to do with our history as in France food and beverage and hotels are deep within our culture. They are real jobs and ones to be proud of and this is felt by young and old'⁹. However this could also be a source of frustration for French managers, particularly in terms of the ambivalence of British employees to the hospitality industry and the perceptions of the job. A British general manager who had spent some time working in France also offered an interesting comparison to attitudes to service. In effect she took a short term demotion in the interests of her longer term progression, and went from a deputy restaurant manager in the UK to work as waitress in France:

I was worried when I went there that I would have problems because I dropped positions so much, but I actually found in France that the attitude towards people who work in restaurants is completely different...in the UK working in a restaurant is seen as an idiot's job...in France they see the restaurant as a career, and their ambition is to be a head waiter, for example, and not a manager (and see further discussion of this point in country-of-operation).

⁹To illustrate the sense in which food and drink are important and pervasive elements in French society it is worth noting Barsoux and Lawrence's (1997: 121) view that 'The French enjoy talking about food in much the same way as the British find diversion in the weather. These are topics which unify a nation...social, occupational or hierarichal divisions are forgotten once the subject of food is invoked: what goes with what, where you can get it, how it should be cooked. And the preoccupation with food has entered the organisational setting'. To further exemplify this point Barsoux and Lawrence suggest that 'Where Anglo-Saxon sales managers might be sent on courses to improve their presentation skills, their French counterparts are sometimes sent off by employers to improve their knowledge of wine' (ibid.: 123).

A final aspect of the country-of-origin effect within Frenco worthy of discussion was the attitude towards trade unions. On the question of trade union recognition an American general manager felt that Frenco was non-union due to the fact that they were good employers and that, rather as Americo, 'we genuinely care about them [the employees]' (general manager, French). Based on much of the foregoing evidence contained within this chapter this view seems partially true. However there was also something of an anti-union attitude apparent from a number of the French managers. In many respects this unitarism should not come as a great surprise given the nature of French industrial relations, which Goetschy and Jobert (1998) characterise as based on class struggle (for example, the largest and most powerful union confederation in France is extremely close to the French Communist Party), antagonistic and lacking mutual respect between employers and employees. Moreover the same authors also note that a key feature of French employee relations is the continuing decline of trade unions, for example trade union density is now suggested as being less than 10 per cent.

Clearly, then, the majority of French managers have little dealings with trade unions in their home country and this was something that, where possible, they were happy to continue outside of France. Consequently Frenco did not recognise trade unions in the UK and when this was discussed with the French managing director of the group he suggested that, 'I don't have nothing whatsoever against the unions, nothing. I would just say if a guy from the union came to see me I would say "okay [the managing director's name] you are a lousy manager"'. In those terms he felt that if, as a managing director and with his management team, he managed his staff in the 'right' way then this would obviate the need for union representation for the staff. However this relatively neutral view of trade unions did rather slip when he went to describe at some length a union recognition dispute that he had gone through whilst a managing director in the US:

Even the [Mid-Brand] in New York, in New York, we are non union, but we hired an outside company which we paid \$150,000 to help us do a campaign. We did it like an election campaign with bands and so on, you know the American-style. Saying what the unions have to offer, we wrote to [the staff] saying the union were pimps and that they were just using their money to buy drugs, etc. I mean in writing. But we defeated the union. In one place I had the union because it was 60 years old and you inherited this unfortunate thing. But in all the properties that we open we have been successful in keeping the union out.

Having delivered such a stringent view of why he had not had to recognise unions he suggested with some chutzpah that 'overall it is because our style of management and nothing else'. In this respect the interviewee's unitarist views accorded with those which Aslan and Wood (1993) found in a study of British hotel managers views towards trade unions. The managers in Aslan and Wood's research accepted trade unions in the abstract, but were much happier with non-union environments due to the greater latitude this allowed them. Thus managers' rationalised their views via an 'interior dialogue' where they acknowledged trade unions might have a role to play in the industry, 'followed by a rejection of any need for unions in their own unit/organisation and finally to outrightly contradicting their initial premise' (ibid.: 67). Another French general manager also felt that union recognition was unlikely to be an issue 'if you run your hotel properly' and mirroring the views of a number of interviewees, across all three case studies, suggested that unions were now increasingly anachronistic now 'that most managers and employers treat their staff with decency'.

4. Country-of-operation

As was argued in Chapter 2, however strong the country-of-origin effect, there was also the counterbalancing impact of the country-of-operation. Generally within the literature the country-of-operation effect is characterised as usually being problematic for MNCs, as they are 'forced' to respond to prevailing cultural or institutional factors (Veersma, 1995). Within Frenco the evidence suggests that the process of adaptation to the host country effect only partially reflected the view of this process being inherently problematic or difficult for the MNC, or its managers as proxies of the company, and most obviously this was in relation to the cultural acceptability of hospitality employment in the UK, a point discussed later.

Nonetheless there were also instances of more proactive and positive adaptation by Frenco in regard to the country-of-operation and this was exemplified by use of a customised management philosophy at regional level. Within the Up-Market brand Frenco had developed a North American management philosophy document. This document talked about how Frenco fully appreciated 'the cultural differences that exist in our different operating units and the need to develop a specific statement for [Up-Market] in North America'. Much was made in this document of the potential synergy to be gained from a meshing of a European approach with that of a more Anglo-Saxon approach. For example the booklet suggested that:

Our parent company, the Frenco Group, is a product of Latin, European culture. But this does not mean that everything typical of Latin organisations in general is specifically true of our parent company. *In fact, the Frenco group is not typical of French companies, because it possess some traits associated with Anglo-Saxon organisations and others typically*

Latin. Both chairman studied in the US and managed in US companies early in their careers (emphasis added).

This quote is important and instructive in explaining why Frengo's approach seemingly draws much more on prevailing notions of what constitutes good managerial practice, rather than on the more traditional French style as previously described in this chapter. Indeed, the rest of the document uses the language of straightforward and progressive HRM practices and policies that are not reliant on any sense of 'Frenchness'. It could be argued on the one hand that this attempt to mesh the differing cultural aspects of an Anglo-Saxon style with a Latin style is also reflective of Frengo's attempts to take on a more global orientation. On the other hand, though, it is equally noteworthy that this process of mediation and overt adaptation as denoted by the booklet was only within the United States and there was no evidence that similar efforts to adopt a synergistic approach had been attempted in former French colonies or areas like Asia Pacific or the Middle East.

As has already been noted a further area which was somewhat difficult for French managers was the view of the hospitality industry in Britain in relation to the notions of pay and social status. Wood (1997) has argued that work in the British hospitality industry continues to be stigmatised and that service is still largely redolent of servility. This continuing prejudicial attitude to work in the hospitality sector is arguably explicable by a range of historical and cultural factors. Thus Wood draws on the work of Riley (1985) who posits that the development of UK hotels in the nineteenth century was largely in London, semi-rural and coastal areas and as a consequence hotel workers did not have much contact with the urban working class. Allied to this early hotels reinforced the prevailing social ethos and embraced the values of domestic service, which in turn shaped the attitude of hotel workers. Resultantly early hotel workers failed to develop a trade union or class consciousness and as a corollary a dichotomous and class-based view of

society. Although there has been widespread change in the nature and spread of the hospitality industry over the years these aspects, and particularly the ethos of domestic service, still persist in the contemporary industry. As noted in Chapter 2, Olie (1995) suggests that the cultural distinctiveness apparent in different countries leads to differing values, ideas and beliefs being shared by people within a given society. This manifestation of the culturalist perspective within the hospitality industry in the UK, is one of a continuing view of hospitality work being synonymous with servility

This reflection of 'the host country effect' (Ferner, 1994) may be seen as having a particular resonance within a French company, due to the widespread belief in the high levels of professionalism inherent within the French hospitality industry. Indeed, the issues of low pay and low cultural acceptability was something which was repeatedly mentioned by French managers who were managing in the UK: 'the hotel business is not paying very well...and all this is not making English people want to work in hotels, it's having a job, not a profession' (general manager, French). Another general manager who had been in the UK for 13 years was particularly strong in his resentment at such a situation. Having first acknowledged that he had not seen much improvement in the status and rewards of hotel workers in that time he suggested that this was particularly disappointing because in his experience working in a hotel or restaurant was perceived very differently in France. Moreover when he was asked about how organisations could reconcile the possible paradox of low pay and expectations of quality service and committed staff he answered resignedly, 'I resent what you have said, but it is a reality'. Furthermore the respondent suggested:

In this industry we do wonder about our policies, when you hear about the British Hospitality Association crying out for the abolition of the Wages Councils, what exactly is the game here that they want to play? Are they saying they want to pay less than £2.92 an hour, are they really saying

that? Nobody has the guts to speak to Mr Rocco Forte, but we all got a letter from them asking us to write to our MPs saying we should abolish Wages Councils, I nearly wrote back to him to say you are crazy to say this. We cannot be responsible employers if we do this.

Interestingly he also went on to suggest a direct result of this was the difficulties in recruiting to the kitchen, in particular, and as a consequence the kitchen employed 90 per cent of its staff from France. A further consequence of the lack of regulatory support for mechanisms such as a minimum wage meant that the individual hotels, in seeking to be seen as a good employer, paid over and above things like the then Wage Council rates, with a French managing director suggesting that Frenco would, as a matter of course, always seek to pay five per cent on top of any nationally established legal minimum. Though he also went on to suggest that 'The English do not like our business and are not at all within the service industry. The French love the industry and consider it a very professional career to go into. It is the same with the Italians, Spanish and Swiss. The Belgians and Dutch are in between and the Germans I don't think are crazy about the industry'.

5. Size of the MNC

The findings from Frenco largely support the view of Edwards *et al.* (1996) that large firms are more likely to sustain a global approach. This contention is supported by Frenco in two ways. First, their widespread geographic presence placed them in over 100 countries by 1997, and this spatial dispersion offered them the potential, at least, to draw on a multiplicity of national teams and cultures. Second, Frenco seemed to have the necessary infrastructure at corporate level to attempt to create a cadre of global managers (D'Annunzio-Green, 1997). This can be seen both in relation to aspects such as the world-wide database advertising managerial positions throughout the group; and also in

terms of the state of the art training centres in France and Brazil. The training centres were responsible for elements of technical training but were also experienced positively by managers as a source of cultural interaction which attempted to equip them with a more global outlook.

6. Stage of internationalisation

Again Frenco seemed to offer support for views as to how multinational companies may progress in an evolutionary way towards the more 'sophisticated' form of the transnational or geocentric 'ideal'. Thus on the one hand they had clearly sought to change their ethos over the period from the inception of the company to its more internationalised incarnation now. As one of the respondents noted, Frenco had been French until the late 1980s, but starting in the 1990s had sought to sustain a more global outlook. In those terms the opening of the training centre in 1985 could be seen as a key turning point. On the other hand, though, Frenco offered compelling evidence that such evolution towards a global company is not necessarily straightforward. For example, tight control was seemingly exerted in many parts of the world, most obviously this could be seen in the continuing over reliance on expatriates from France in areas like Asia Pacific and the Middle East. In sum, the evidence substantiates the possibility that an organisation may develop a more global outlook but that this remains a difficult and complex process.

7. Mode of Expansion

The interesting point about Frenco was the extremely small number of hotels which were franchised, around 10 per cent. As a corollary high levels of ownership and hotels run on the basis of management contracts meant that the company had a high level of influence in

directly controlling the majority of units. This high level of direct involvement is therefore likely to be important in Frengo's attempts to engender a more global outlook.

8. Conclusions

Frengo had proclaimed their intention to become a more globally oriented organisation. Clearly, though, there had not been a massive change overnight from an ethnocentric to a geocentric approach at Frengo. Such a change was likely to be gradual and evolutionary, and to a large extent facilitated by Frengo's presence in all market segments, and of course, via the training centre(s). The evidence suggested that this process of seeking a more global focus had been partially successful, with the training centre(s) playing a key role in sustaining moves to a more geocentric approach. Within this process Frengo were also seemingly drawing much more on 'internationalised' notions of good practice in relation to HRM, and in many respects this meant that their approaches were the antithesis of what might have been expected from a French company. On that basis it would seem that Frengo are at the forefront of French companies who are responding to greater internationalisation and increased competition with an approach which is not wedded to a more conservative French approach. In part this is explained by the history of the co-founders of Frengo, who had both spent some time working and managing in the US. Equally though Frengo's international expansion could be said to be a key driver in this process as they were more willing to draw on a variety of managerial approaches which override national specificity.

Nonetheless, as already noted, this was not a straightforward process and the case also illustrated how Frengo's evolution has been inhibited by several factors. First, there was a continued over reliance of PCNs, especially in areas of the world where the locals are considered not to understand what the company is about. Relatedly, these PCNs also had within them a residue of French management styles which, again, could be

experienced negatively by non-French members of the company. In sum, Frengo's attempts to attain a more geocentric approach could be judged a partial success. Moreover the recognition that problems still existed was something senior managers willingly conceded and on that basis these problems could be tackled. Key to addressing these problems is the role of the Academie, and this resource, perhaps more than anything else, would be pivotal to Frengo's continued development towards the transnational and stateless 'ideal'. A further consequence of Frengo drawing on notions of internationally accepted good practice was the similarity with Americo in relation to HRM approaches. Most obviously this can be seen in the link between progressive HRM policies and the attempt to create employee commitment, which would be manifested in a willingness to satisfy customer expectations. The evidence suggested that, once again, this had been partially successful, though Frengo had experienced some problems in the UK, in particular, which were a reflection of prevailing low pay and attitudes to the social status of the industry.

CHAPTER 8 THE INTERNATIONAL HOTEL INDUSTRY CASE STUDY

EVIDENCE: SWEDCO HOTELS

1. Introduction

This final case study chapter reviews the internationalisation strategies of Swedco, a relatively small regional player in the international hotel sector. Swedco's major strength lies within the Nordic region, with only limited coverage in other parts of Europe. Nonetheless within Swedco's export product - the Swedco Star - the company attempts to disseminate a Swedish/Scandinavian approach, and the extent to which this ethnocentric strategy is successful is a key theme for this chapter. The evidence is drawn from 24 interviews conducted at the corporate headquarters and both Swedco and Swedco Star units in Austria, Great Britain and Sweden¹.

The chapter will firstly the key role played by the Swedco's corporate culture device - the Swedco Way. The importance of the Swedco Way lies in the way it attempts to infuse elements of both the hardware and software with a Swedish feel. Thus, although there is evidence of Swedco's physical product drawing heavily on the approach established by the American model of hotel internationalisation, there will also be a description of how Swedco attempt to add a Swedish feel to the hardware. In the discussion of the software of the Swedco Way the chapter identifies the meshing of selected aspects of the Swedish model of employee relations, with a somewhat paradoxical use of, an albeit, sophisticated unitarist approach to human resource issues. Within that the chapter will also describe a number of strategies, such as openness and autonomy, which can be seen as being similar to the approaches adopted by Americo and Frenco. Equally, these mechanisms are characterised as underpinning attempts to create a high quality approach to the service encounter, though the chapter also presents evidence

¹ Though it should be noted that the vast majority of interviews were in the four star Swedco Star units.

of Swedco utilising 'hard' approaches to service quality and work organisation. Discussion then moves on to Swedco's strategies for integrating their overseas units and a key aspect of the company's approach is the use of expatriate managers to disseminate 'Swedishness'. It is argued that this approach has been largely successful, though the chapter will also acknowledge some scepticism from indigenous managers towards the Swedco Way. In relation to the country-of-origin the chapter will suggest that this is better conceptualised as the *region-of-origin*, reflecting a more general Scandinavian approach. This section will also consider the perceptions of a number of managers who had experience of managing in the highly regulated Swedish context and the relatively unregulated UK context. This issue is further explored in the country-of-operation, and in particular this allows for a review of how Scandinavian managers responded to the greater freedom and flexibility in the UK; and how UK managers reacted to the matter of union recognition. Lastly, the chapter will briefly consider a number of other factors, such as mode of expansion, before offering a conclusion as to how successful Swedco were in their attempts to transfer the Swedco Way.

2. Approaches to internationalisation

At the time of the interviews Swedco had recently undertaken a phase of rapid expansion that had taken it beyond its traditional Scandinavian base and into nine European countries. As noted in Chapter 5, the company operated two brands: the three star hotels, 'originally conceived for the Swedish, Volvo driving, frequent business traveller' (Satchwell 1991: 24), were found exclusively in Scandinavia and mainly in Sweden; and the four star Swedco Star hotels, with their extensive conference and leisure facilities, were located in the central areas of major cities. The first Swedco Star outside Scandinavia was opened in Germany in 1986 and was the centre for Swedco Europe, part of a programme of reorganisation which reflected a shifting of corporate interest to take account of European integration. In the United Kingdom the first Swedco Star was

opened in 1988 in Central London. The company had three sites in the London area, and one in Edinburgh. To begin to discern the company's overall orientation to internationalisation the chapter will now discuss how Swedco used their key corporate culture device - the Swedco Way - to co-ordinate and integrate their overseas units.

An edition of the in-house magazine for Swedco employees (December 1991) described the three important corner stones of the Swedco business concept as 'philosophy, pricing and the Scandinavian/Swedish profile'. Within that the core philosophy of the Swedco Hotel Group was 'doing things the Swedco Way', a way that encompassed the physical product (e.g. design and decor) as well as elements of presentation, service and style. The Swedco concept was described by managers in terms of hardware and software components, the former being concerned with the physical product, and the latter with the human resources and with the need to create 'well trained and service minded people' (operations manager, Austrian). Thus, as Maxwell (1992: 7) notes, the Swedco Way encompassed a whole range of 'business operation from marketing and personnel management to accommodation and service style'. Clearly, then, attempts to analyse Swedco's transference of their corporate culture must be seen in the context of their attempts to construct a core philosophy and practice of the Swedco Way. The Swedco Way will now be discussed by examining the company's approach to the hardware and the software of their concept.

2.1 The hardware of the Swedco Way

As with Franco, within Swedco there was strong evidence to suggest that the physical product developed by the company drew heavily upon an approach established by the American chains, in that they continued to rely to a great degree upon the business and financial systems developed by chains in the USA, particularly in the use of concept manuals and standard operating procedures (SOPs) (Guerrier, 1993). Thus although some

managers (reflecting a similar view to Frenco managers) liked to see the company as qualitatively different from the 'American model' type approach², as outlined in Chapter 4, evidence suggested that this manuals driven approach was still very apparent in Swedco.

Individual Swedco hotels operated as profit centres and in attempting to control their business operations Swedco employed established international systems. Manuals had been produced to cover operational aspects of front of house, food and beverage and conference facilities (a key area for Swedco). The manuals were supposed to be operative both as an overall approach and specifically applicable in departmental areas, with checklists being used for ensuring adherence to correct standards:

Of course there are concepts for how the rooms are to look, the number of opening hours, the marketing programmes that we have to follow, there are a number of facilities in the room of course, what kind of bar, restaurant, brassiere, you should have, the lay out of the conference room, all these things (general manager, Swedish).

Clearly, then, many aspects of the standardisation, certainty and consistency which characterised the 'American model' and also the internationalisation approaches of the other two case study organisations were equally apparent with Swedco. As with Frenco though there was some attempt to overlay these basic operating principles with elements which acted as signifiers for the national origin of the chain, and a putative source of competitive advantage, due to their 'foreign' or 'exotic' appeal (Mathe and Perass, 1994). Therefore while the influence of American management systems and standardisation around the key elements of the international hotel room (and the needs of Roper *et al.*'s

² For example, a Danish general manager suggested Swedco were different in their thinking compared to American chains who had '...manuals for everything which over time limits the individuals creativity and ability to make the right decisions'.

(1998) 'international hotel customer') continued to be apparent, Swedco did attempt to go beyond this and add a Swedish feel to the product itself.

In these terms it is interesting to note that when talking about the Swedco Way most interviewees had less difficulty in identifying distinct 'Swedish' aspects of the hardware, compared to the software, though this was not universally true. For example, a Swedish front of house manager when questioned about what Swedco were attempting to be suggested: 'I don't know actually, because we want to be an international hotel and at the same time we want to be very Swedish, I think it is important to be Swedish'. In response to the question of what she felt was Swedish she found it rather difficult to articulate this, 'The...(laughs)...(long pause)...the way the hotel looks, a lot of trees, I don't know it is so difficult for me to say what is a Swedish style...maybe someone will find us very Swedish, but I don't know what is very Swedish...We do a lot of campaigns in the restaurant, as it is easier to be typically Swedish in the food, what do you do in the rooms and the front desk to be Swedish? It is very difficult to say'. Her eventual recognition of some of the more overt elements of what might denote a Swedish aspect to the product was something which a number of managers picked up on quicker and rather more explicitly. In that sense both Scandinavian and non-Scandinavian managers were invariably picking up on obvious signifiers of 'Swedishness' when asked to identify a distinct Swedish approach in the hardware.

The general manager in Edinburgh quickly pointed out that a Danish designer helped to create a Scandinavian atmosphere in the hotel. Managers thus saw the Swedco Way reflected in the light and spacious rooms, the use of open spaces and the purchase of Scandinavian furniture and fittings, often from IKEA. The descriptions of the hardware offered by a variety of managers therefore illustrated those things which were easily identified. In particular, a Swedish front of house manager recognised this notion of being Swedish abroad and the use of obvious signifiers in the export product:

I have been to the Swedco Star in [London] and I think you can feel the Swedishness much more abroad in our hotels, it is very Swedish. The rooms for example, they are much more Swedish than our rooms...*it is easy to be Swedish abroad*, but what is Swedish here in Stockholm, that is so difficult to say (emphasis added).

This attempt to add a Swedish/Scandinavian element to an otherwise standardised product was also reflected in the inclusion of the ubiquitous Swedish Smörgåsbord as a key part of the food and beverage provision. Certainly, in terms of the hardware, the most obvious thing mentioned by virtually all of the managers interviewed was the Smörgåsbord. A Danish general manager recognised that, ‘Yes that’s our unique selling point, that is what makes us stand out a bit...there is nothing unique in providing a bed and restaurant’. Indeed, several managers thought it gave the Swedco approach a particular resonance overseas: ‘I would say some of the [Star’s] in other countries [are more Swedish], for example they sell Smörgåsbord’ (marketing manager, Swedish, who had visited Swedco Stars in the UK). Even a British general manager who was somewhat sceptical of the extent to which Swedco was uniquely Swedish noted how, ‘I don’t think there is anything very Swedishly different here other than the Smörgåsbord’. The Smörgåsbord certainly seemed to be successful in the case of the Austrian operation visited where non-residents booked up to three weeks in advance to dine at the hotel on a Sunday. However, it should be noted that ‘our Smörgåsbord is the easiest thing for us to prepare’, representing ‘the best of both worlds - a very good product and very little input’ (general manager, Swedish). The Swedish or Danish managers argued that this type of cold buffet reflected the informality of the Scandinavians as much as anything, and in that sense it may only be co-incidental that it is also a labour saving device. A further aspect to the Smörgåsbord was that many managers felt that it was important that ‘we always try to keep at least one Scandinavian in the kitchen’ (general manager, Danish)

to add authenticity to the menu. As with Americo and Frengo though, the physical product was perceived to offer less added value than a quality-driven approach to the service encounter and this issue will now be further discussed in reviewing the software of the Swedco Way and Swedco's approach towards work organisation and the service encounter.

2.2 The software of the Swedco Way

Duenas (1993: 3) has argued that companies that attempt to build a strong corporate culture do so 'by attending the basic human needs' that 'transcend any national cultural differences'. A British personnel manager described Swedco as having 'more than a corporate identity' and suggested that 'the [Swedco] Way is being part of the [Swedco] family'. This apparent unitarism, premised on what Purcell and Gray (1986) characterise as 'sophisticated human relations', was echoed by a Danish general manager who felt it involved 'taking an holistic view of family, home/private affairs of the people. We try to look after our staff in every aspect we can do'. The Swedco aim was 'to be the most sought after employer' (Maxwell, 1992: 7) and they appeared to treat staff, especially management staff, better than the average for the industry, for example paying significantly more than the going rate for both staff and managers. Although Maxwell suggests that this management approach draws upon the 'Swedish family oriented culture' (ibid.: 7), the influence of the Swedish model of employee relations cannot be wholly ignored.

Mabon (1995) in reviewing human resource management (HRM) in Sweden suggests that, despite some changes in recent years, many aspects of the famed Swedish model remain in place. In particular the spirit of co-operation and consensus between employers and employees, which was formally established and enshrined in law in the 1930s, continues to play a strong role in Swedish organisations. Moreover this overarching spirit of co-

operation and consensus is further strengthened with a variety of other legislative measures such as the Co-Determination Act (*Medbestämmandelagen*, normally abbreviated to MBL) and the Act on Security of Employment (*Lagen om anställningsskydd*, LAS). The former requires employer representatives to inform and formally negotiate with the union, and although the employers ultimately have the right to decide on most issues, they tend to remain wary of riding roughshod over the unions and are willing to compromise on most issues. The latter is even more constraining for employer action and as Mabon notes, 'In essence, this legislation makes it impossible for an employer to get rid of staff for any reason other than downsizing and, even then, there are strict requirements with respect to pecking order and for re-employment if the work situation were to improve' (ibid.: 58).

Arguably, then, a residual effect of this regulatory framework and the more consensual approach it encourages is that it will play a key role in informing and influencing the policies enacted by Swedco when operating overseas (this point is further discussed in relation to the country-of-origin and country-of-operation effect). It should be noted though that the ways in which the Swedish model is operationalised outside of Sweden may be difficult to point to concretely and should not necessarily be overstated. For example, the Swedco Way booklet which staff received was basically a staff handbook such as might be found in many British companies with well-developed personnel policies. Moreover it is also important to note that trade union representation, one of the defining features of the Swedish model, did not survive Swedco's move into Britain. Thus it could be argued that Swedco's corporate culture remains a somewhat paradoxical mix of unitaristic 'sophisticated human relations', which views employees as the company's most valued resource, and attempts '...to inculcate employee loyalty, commitment and dependency, via above average pay, internal labour market structures with promotion ladders, employee appraisal linked to merit awards and intensive attitudinal as well as skills training' (Legge, 1995: 36), and selected aspects of the Swedish

model of employee relations. Consequently many of the British managers interviewed were quick to point to a qualitatively different approach to management brought by Swedco. Although it is equally noteworthy the extent to which many of the things considered by managers to be uniquely 'Swedish' were also seen within Americo and Frenco, and could be considered as drawing more on notions of good practice HRM, rather than any nationally specific management style.

Nonetheless, as with Frenco, to the British staff the open and informal approach at Swedco appeared to be something very different from that which many had experienced in other hotel chains (particularly national as opposed to international chains). For example, for one interviewee, a British food and beverage manager, the level of informality was something he initially found difficult to get used to:

I had this tremendous habit of calling him [the GM] Mr [name of the GM], to which I suddenly realised, I wasn't getting an answer (laughs). And I continued to call him Mr [name of the GM] and continued to get no answer basically, he just ignored me. Until one day he said, 'when you learn to call me [the GMs forename] you'll get an answer'. So I had then to take that back to my own department and say if you call me Mr [his name] I won't talk to you (laughs).

Thus the interviewee suggested that the experience of working for Swedco was, '...a culture shock to be honest. It was like leaving home every morning and going to work in another country'. On this point of informality the Danish general manager mentioned in the above quote commented: 'if anyone in this building, outside the public, calls me Mr [his name] then I would bang them in the middle of the face. It's first names whoever you are. It's telling them we have an open door policy'. However some British managers seemed somewhat sceptical about this policy, an assistant general manager arguing that, 'I

don't see the point in making a fuss about calling people by their first names, just because it feels Scandinavian, it doesn't make the staff feel any better. It doesn't make them feel more comfortable with work or anything else because they are able to call the GM by his first name'.

Generally though the British managers interviewed agreed with the proposition that Swedco did offer a qualitatively different management style and approach from that they had experienced before. It was felt by several managers that the decentralisation and the flatter organisational structure that were perceived to be part of the Swedco Way allowed for greater autonomy and faster decision making. Thus as one Swedish general manager suggested, 'Swedco Way is, if you like, a description of a philosophy and the way we want to be perceived as an employer...it stresses the importance of the individual to make decisions on their own. We are not very rigid and formal from a company point of view'. Again part of the reason for this view may be the latent influence of the Swedish model of employee relations. In relation to decision-making and allowing some role for employees this may be reflective of the extent to which Swedish managers will be used to ceding some influence to the trade unions. Axelsson, Cray, Mallory and Wilson (1991) report on research on decision-making in British and Swedish organisations and recognise differences in the extent of employee influence within the two countries is largely explained by the regulatory framework in Sweden: 'In the Swedish study nearly every decision investigated involved union representation under the nation's co-determination law' (ibid.: 72), and this is compared to relatively low levels of influence for British employees.

As has already been noted, Mabon (1995) suggests that there are many elements of the Swedish model of employee relations which remain important in the relationship between employers and employees, particularly the notion of co-operation and consensus. However in his review of HRM in Sweden he does also recognise that, as in many other

countries, there may nonetheless be a gap between the rhetoric and reality of HRM. Consequently he notes how 'most practitioners and academics would probably agree that [within Sweden] lip service is being paid to many established prescriptive HRM methods, and some indeed being scarcely used at all' (ibid.: 71). Therefore whilst legislation does maintain many of the aspects of the Swedish model, the more strategic (and voluntary) aspects of HRM may not be so readily apparent within Swedish organisations.

Nonetheless within the UK a number of British managers did see Swedco attempting to develop a reasonably sophisticated approach to HRM. This was exemplified by very low levels of labour turnover throughout the company, for example in one of the hotels it was about eight per cent with many of the staff still there three years after opening. This low level of labour turnover was suggested by a number of managers to be largely due to the fact that Swedco were, in one interviewees words, 'a very good company to work for, they're very "employee friendly"'. I think a lot of this comes from the Scandinavian culture' (front of house manager, British). This last point was also expressed by an assistant general manager who suggested 'they are very pro staff and so on, *obviously because of the type of the country it is*' (emphasis added). A further reflection of this view was suggested by an Irish sales co-ordinator who felt that the company had a good attitude to staff and particularly working mothers (again a Swedish trait, see for example Mabon, 1995: 63-65), indeed the interviewee felt Swedco was 'the best I have come across' having worked for other organisations such as Inter-Continental and Forte. Key to this support for Swedco's approach to HRM was the attempt by the individual hotels to create strong internal labour markets within the hotels, by for example seeking to promote from within; paying above average wages; and also the extensive use of skills and attitudinal training both within and outwith individual units.

Swedco also operated a management training centre - the Swedco Business School (SBS) - at their corporate headquarters in Stockholm. The training offered by the SBS comprised basic management training offered to those who had been identified as having some potential and latterly the SBS had also been using a computer simulation/business game, which was part of a two week training course that most management teams had gone through. For those coming from overseas the emphasis was ostensibly more explicitly concerned with learning the Swedco Way of managing via short courses and seminars. In this respect the way the SBS was portrayed in company literature was interesting, being described as a key part of the company's attempts to disseminate its Swedishness. The 1990 annual report talked about it as the place where 'our non-Nordic colleagues' received the appropriate cultural training. Consequently its purpose was to 'describe Sweden, Swedishness, Swedish service philosophy and service management'. For example, an Austrian general manager had been to the business school three times to understand in his words 'what's real Swedish'.

Interestingly none of the British managers had actually attended the SBS, although several of them had been to Scandinavia, including time spent in Swedco hotels. Of these, only one manager reported a work related aspect to the trip, the rest of the managers being in the region for leisure purposes. The food and beverage manager who had been to Sweden, explicitly for the purpose of work, had spent a week learning to cook Swedish food and had done this with two of the British chefs from her kitchen. Indeed, she suggested the reason for this was that, 'we needed a real Swedish chef to show us how to cook real Swedish food as opposed to what our opinion was of Swedish food which was quite different'. Conversely the majority of the Scandinavian managers had attended the SBS. For those managers who had attended the SBS there was a mixed response as to its utility in improving their management styles. An example of this was a Danish general manager who had attended two courses: the first of which was largely concerned with operational training, which he felt did not really reflect a 'business school' ethos; the second course

used the computer simulation to improve the financial competence of individual managers. Similar experiences were also reported by another Danish general manager who characterised the simulation as 'fantastic' whilst calling the more management and operationally-oriented course 'a complete disaster' and 'a waste of time'. A contrasting view of the SBS was offered by a slightly older Swedish marketing manager who remembered the SBS as the Esso Motor School and was full of praise for the time he spent there, which was a lot longer than the shorter courses offered by the present school.

Perhaps reflecting the disjuncture between the rather grandly named SBS and the reality of one relatively small room at headquarters (and the experiences outlined above) Swedco's director of human resources did acknowledge that, '[the SBS] is not a special house or locality. It is a concept and we try to work with internal teachers, and then of course in leadership and so on we have some consultants from outside the company, but as much as possible we try to have internal teachers outside the SBS'. In effect, then, the main driver for disseminating the Swedco Way was via training the trainers and passing it down to individual units. Consequently the training offered by the SBS was also backed up by extensive Swedco Way training sessions in each of the individual units visited. A British assistant general manager described it thus, 'the idea of the Swedco Way training is that the GM of each hotel will do a presentation to every member of staff, and tell them basically what the hotel and groups philosophy, plans, quality statement, whatever you want to call it, what they are aiming to do'. Clearly, then, Swedco sought to disseminate the Swedco Way throughout their units and we can now go on and assess the impact of this on work organisation and the service encounter.

2.3 Work organisation and the service encounter

As has been noted in the preceding two chapters, both Americo and Frenco were seeking to utilise a variety of techniques which sustained a high quality approach to the service

encounter. As part of the move away from a reliance on the hardware to the software as a source of competitive advantage Americo and Frencio had utilised mechanisms such as TQM, empowerment, 'bolts' and 'subsidiarity' and this was also apparent within Swedco:

Well the Omtanke [the nascent successor to the Swedco Way], that means you care about things, and mostly that we care about people and I think this is the most important thing for us in the hotel business because we work with people and for people. I mean the hotel rooms you can't do much more. You have the television, the desk, the bath and so on, and of course you keep it tidy and clean but then if you had to compare with the other hotels, it is the software which give us the competitive edge, and there is the Omtanke. It is a Swedish word which is very difficult to translate into another language, but it is about caring for customers and employees and it is very important (general manager, Swedish).

Thus, the evidence from Swedco also offers a picture of the organisation seeking to develop strategies which were concerned with creating systems and staff which would allow for the provision of high levels of customer service. Moreover Swedco also mirrored Americo and Frencio in having mechanisms which reflected both 'hard' and 'soft' approaches in terms of their HRM and quality strategies.

With regard to the service encounter there was evidence of attempts at attitudinal restructuring, as well as the use of harder mechanisms such as BS 5750, which was much more procedurally based. In terms of the former an Austrian operations manager outlined an approach which Swedco was attempting to engender via 'a big service programme' which reflected 'a Swedish word, nobody can say what it means in German or English but it's something to give the guest a feeling that you give him an answer before he asks you

something, like eye catching with the guests especially on the reception or the restaurant'. Indeed, these considerations seemed to illustrate the most recent evolution of the Swedco Way into Omtanke: '...first it was the [Swedco] Way, now it is named Omtanke, and it is a Swedish word which stands for positive thinking, caring, attention' (personnel manager, Swedish). Mirroring the language used within Americo a Danish food and beverage manager recognised that Omtanke was about 'really very positive and aggressive hospitality', although reflecting the unitaristic 'sophisticated human relations' described earlier in the chapter the interview further recognised that: '...there is a lot more in that word [Omtanke], because it is both consideration of your colleagues and yourself, and the guests and everything is to be one big unit, and one big happy family'.

As part of the autonomy which many interviewees felt characterised the Swedco way, front line staff were also encouraged to feel 'empowered': 'They do like you to use your initiative which is something I have not found much at all in other hotels' (sales co-ordinator, British). Though as with Americo and Frenco the extent to which employees fully internalised and operationalised this approach was mixed. For example, a Danish general manager felt that in certain occupations it was rather easier to empower and encourage staff to take greater responsibility. Thus it was suggested that for low skill, low paid back of house jobs such as kitchen porter it was difficult to engender a sense of empowerment, because of the nature of the job. Conversely for front of house jobs employees had a greater disposition to internalise the basic tenets of empowerment and this was also made easier by the nature of the job: '...she [*sic*] will get a call in the evening there will be a delayed flight, she'll decide on the price she will make the decision...she knows the guidelines but she is allowed to make decisions. She doesn't have to call the duty manager or do this or do that, problems in the restaurant and she is allowed to give away a free glass of wine and so on'. However a rather more sceptical British assistant general manager felt that getting employees to take responsibility was rather more difficult than the company envisaged, suggesting that, 'the philosophy is fine, but

obviously it doesn't always work and it's not easy as saying well we'll give them the authority to do it and everything will be fine'.

Running alongside these softer mechanisms were other harder and systematised approaches to work organisation and the service encounter. For example, there was extensive use made of customers to monitor employee performance standards. Guests were given the opportunity to fill in comment cards in their rooms and restaurants and allied to this the company also utilised surveillance techniques such as 'mystery guests'. Moreover one of the hotels within the sample had gained the award of BS 5750 and an interesting aspect of this process was the level of bureaucracy this involved for the hotel. The general manager of the hotel suggested that, 'we went through a big process, not so much to gain the certificate itself, I mean yes that's fine and that was a good day...but it was more the process to get it that was the interesting part of it because every member of staff really got aware of that'. However it seems arguable to what extent all members of the staff might have been enthused by the methods by which BS 5750 was awarded. The hotel's food and beverage manager recognised how part of this process involved them systematising their approaches to certain elements of the kitchen. This had the effect of encouraging elements of *de facto* McDonaldization (Ritzer, 1996) and the potential deskilling of the chefs: 'I think the hardest area to get through BS 5750 was the kitchen. And it's not anything to do with basically the hygiene...The main point was to convince the chefs that whenever they'd done a dish, no matter how artistic they thought they are, it had always to be the same. And that became quite a challenge'. To expedite this process the hotel got a photographer to take photographs of the dishes, allowing the benchmark images to be put on the kitchen wall. Allied to the photographs there was a written description of the ingredients and the method for preparing the meal. This would seem to exemplify Wood's (1997: 160-7) discussion of increased managerial control over the work of chefs and the concomitant pressures of standardisation in branded hotels, which leads to the deskilling of chefs work.

Alongside these elements of deskilling, managers also spoke of attempts to enskill staff via multiskilling and this was one part of the company's flexible use of labour, something which is commonplace within the hotel industry (Wood, 1997). Reflecting the view of Mabon (1995) that Swedish organisations may develop a variety of approaches to HRM, ranging from a broadly philanthropic approach through to a much more exploitative and instrumental approach, Swedco could be seen to pursue both approaches in relation to flexibility. A British front of house manager was typical in suggesting that functional flexibility remained a key HRM policy within the hotels: '...the one thing that we have been working very very hard on in the past eighteen months is to cross train, so that we have multi-skilled people. And that is actually beginning to show through now. Hence we're now calling ourselves a team rather than a department'. A Swedish personnel manager also noted the attempts to encourage greater functional flexibility within Sweden and to this aim the hotel had concluded an agreement with the unions to encourage such an approach. In this positive view functional flexibility is about placing workers in a high-trust relationship with management to enhance the quality of their working lives by things such as horizontal job enlargement or vertical job enrichment (Wood, 1997: 169).

However reflecting more critical accounts of the extent to which organisations are genuinely practising multiskilling (see for example, Legge, 1995), it was notable that a feature of the moves to flexibility in Swedco was a relative lack of overall coherence in the strategy and also a high level of employee resistance:

Oh God yes [we try to create functional flexibility] but they don't always want to do it, but you have to. Instead of making rules and regulations you have to manipulate them so they don't actually know at the beginning they don't actually realise what you are doing and then suddenly it hits them,

they are working in the bar one night, they're doing room service the next, in the restaurant the next and so on (food and beverage manager, Swedish).

Interestingly a Swedish general manager also drew a comparison between the UK, where she had managed, and Sweden. In this respect she suggested that hotels in Sweden tended to have fewer staff, but this was compensated for by high levels of multi-skilling, which she compared favourably to the UK: 'It is so rigid in England, if you are a waiter, you are a waiter. Here if you are a waiter, you are a waiter, you can do the dish washing, you can room service, help out with breakfast, conference lunches, the bar, everywhere, that is how we do it'. In part this view was also a recognition of getting the most out of staff, especially in relation to higher wage costs in Sweden.

There was also an interesting example of how Swedco used flexibility in one hotel, in relation to the housekeeping department. Alongside their attempts to create greater functional flexibility, the hotel had also contracted out the housekeeping department, but due to quality problems had brought it back in-house. However one of the consequences of contracting out housekeeping was that when it was moved back in-house the hotel retained the payment system used by the contractors, who had worked on a pay per room basis. So all of the staff were re-employed directly by the hotel but on the basis of the contractors employment conditions. This decision was taken despite the recognition by the assistant general manager that, 'the maids didn't get paid very well at all'. The reason given for this was that wage costs under the old system were too difficult to control. Clearly, then, individual hotels were perfectly happy to utilise some of the 'hard' (Storey, 1987) aspects of HRM and this was further illustrated by extensive use of numerical flexibility in relation to areas such as conference and banqueting.

2.4 Discussion of integration and co-ordination and the role of the international manager

As discussed in Chapter 2 organisations face choices in their use of parent country nationals (PCNs), host country nationals (HCNs) and third country nationals (TCNs) and the mix of these managers is a useful indicator of their overall orientation. On that basis the extensive use of PCNs and TCNs (i.e. Danish managers - who were seen by Swedco as equally adept in disseminating a Swedish/Scandinavian approach) is a key feature of the Swedco approach. In this respect the use of expatriates in key positions by Swedco, particularly the pivotal position of general manager, is suggestive of a control-oriented ethnocentric approach (Brewster, 1993). Therefore expatriates were seen as being a soft control mechanism to co-ordinate and integrate the units in the UK, especially, as they sought to 'teach local nationals our way of doing things' (Boyacigiller, 1990: 370, cited in Brewster, 1993: 51).

As already noted, the majority of the general managers (with the exception of one Englishman) were Scandinavian or (for example) 'completely Swedenised Germans who have all worked in Sweden for ten years' (general manager, Swedish)³. Functional managers, on the other hand, tended to be HCNs. The importance of Scandinavian general managers in the process of acculturation cannot be over stated. It is no coincidence that employees appeared to be much more convinced by the Swedco Way in the hotels where the general manager was Scandinavian. From a corporate perspective such general managers acted as culture brokers translating Swedishness into the common language of international hotels. They took 'the management style' and mixed it with the accepted

³ In relation to operative level staff there was a general lack of Swedish staff, whilst there existed a much higher number of Danish staff. This was largely explained by the fact that, at the time of interviews, Sweden - unlike Denmark - had not yet joined the European Union thus making it difficult to obtain work permits. For example, several managers suggested they would have liked to employ more Swedes at operative levels but had been unable to do so. One final aspect of the number of Swedish staff was to note that in the UK head office, which was a small service office based in one of the London hotels, all the staff aside from secretarial staff were Swedish.

wisdom of the hotel milieu. It was suggested that, 'as long as you put the Swedco concept into your unit there is little interference from head office' (general manager, Danish).

On the question, then, as to the extent to which Swedishness or a Scandinavian approach was successfully disseminated it is worthwhile discussing the extent to which individual managers believed in what the Swedco Way was trying to do. A number of managers were convinced by the Swedishness of the management style, as they were by the Swedishness of the hotels internal fabric⁴: 'The structure of the building is very open, light and refreshing - it reflects the style of management' (food and beverage manager, British) - or 'Swedishness is something staff pick up' (quality and training manager, British). Views as to the degree of authenticity of the Scandinavian atmosphere ranged from the belief that 'the actual hotel is very Scandinavian' (personnel manager, British) to 'there is nothing typically Swedish about the hotel, it is an international hotel with a Swedish touch' (assistant general manager, British). For those who felt it did have a Swedish or Scandinavian feel the level of commitment and belief in the approach is nicely exemplified by one Irish food and beverage manager who effusively suggested that, 'the very minute you walk into this hotel you are inducted into the [Swedco] Way. To be quite honest I had a friend who worked here and she introduced me to this company and it is just so different from anywhere I have worked before...We have Swedish cuisine, we have no hierarchy, we call our GM by his first name, people are developed if they want to be'. This support for a Swedish approach can be partially explained by the presence of a Swedish general manager a point she recognised in answering a question about whether it was essential to have a Swedish or Danish general manager to engender a Swedish or Scandinavian approach: 'Oh! that's a controversial question isn't it! I believe so, and we fought for one here. Some of us didn't fight for one, when you talk to [the food and beverage manager], he will say he wanted an English GM, but I don't think I

⁴ Two of the Swedco Star hotels visited as part of the research were converted warehouses and the conversion were undertaken by the same Swedish building firm, Skanska.

would work for an English GM. It's a very broad statement but I like having a Swedish GM'.

Others, however, echoed the view that Swedco was not markedly different from many other international hotels arguing that the corporate message, 'was nothing unique, nothing that Sheraton aren't doing or Hyatt or anybody else' (assistant general manager, British). Indeed, the same interviewee went on to suggest that, 'she [the woman from Swedco who did the training session] actually told us the reason it was put together was they took over a hotel which had been owned by Hyatt and when they went in everybody said to them "where is your concept manuals?" and they said "oh dear, we haven't got any" so they produced these concept manuals and they have these concepts'. The (British) general manager of the same hotel was also rather surprised at the extent to which some people within the company claimed the approach was uniquely Swedish. Having first recognised that due to the fact he had only been with company for six months he was still on something of a learning curve, he went on to say: 'I'm fascinated to hear a lot of stock is given to the [Swedco] Way. I have yet to find, I am looking to find what is so different from other concepts and I haven't found it yet'. Consequently the same respondent further commented that, 'If people have been through other courses with other hotels, it does become a case of teaching your grandmother how to suck eggs'.

Generally, as has already been noted, the disparity in the degrees to which managers seemed to 'buy in' to the corporate culture appears to be related to some degree to having a Scandinavian general managers. Where there was a Swedish or Danish general manager, these managers had seemingly achieved their goal as expatriates in tacitly socialising the HCN managers to fully believe in the Swedco Way and make the 'right' kind of decisions (Edström and Galbraith, 1977) which would meet with corporate approval. In these units managers seemed to have absorbed the corporate 'glue' far more compared to the one hotel with a British general manager where the level of scepticism towards the Swedco

Way was very marked. Indeed, this was an issue to which a number of British and Scandinavian managers from other hotels were questioned on during the course of the interviews. For example, a Danish food and beverage manager - who had returned to Sweden - felt it was particularly important to have a Scandinavian presence in the opening phase of a hotel's existence to put in place the Scandinavian feel. At the British hotel he had worked in (which was the one with the British general manager, but had actually started up with a Swedish general manager) he felt that: 'we were quite lucky, because the general manager was Swedish, and there were quite a lot of people from Scandinavia. I brought a lot of staff from Denmark as well, there I think we got the flair for it'.

This point was also picked up on by a British personnel manager who worked at another one of the London hotels but was aware of the situation where the British general manager was in charge. She felt the success of the Swedco Way in her hotel was down to having a consistent management team, and saw that as part of the problems at the other hotel who did not have such a strong commitment to the Swedco Way: 'I think it's very difficult to let go and say okay we're going to let somebody who is English take this on board and I would say if you take it as far as the Swedco family side of things they are not part of the family in the same sense that they aren't Swedish'. Continuing on this theme she felt it would have been problematic if an English general manager was to assume responsibility in their hotel. This view was based on the recognition that:

...the team that are here now are the longest serving members of the company and the [Swedco] Way has been drummed into them and thinking in the Swedish way has been drummed into them and to actually turn around and say okay there is an English general manager coming in, he is bound to have English ideas and to actually change things again would have been a bit of a knock to the system here I think.

In summary, the corporate culture of Swedco was premised on a control-oriented ethnocentric approach. It was utilised both as a unifying device in terms of some aspects of the hardware (rooms, layout, menu) and software (management style, customer service) and simultaneously a device used to endow these standardised features with an element that was distinctly Swedco; this, in theory at least, providing the purchaser with the opportunity to enjoy palatable bites of Swedishness without jeopardising the standards expected in international four star hotels. Within this process a key role was played by PCNs and TCNs who were expected to 'teach the locals' what a Swedish or Scandinavian approach was about as they transmitted the corporate culture from the headquarters. In three out of the four units in the UK and also within the unit in Austria this process of transmission was seemingly successful, with a number of indigenous managers talking enthusiastically about the Swedco Way and the management style it attempted to disseminate. Crucially though the unit in which a high level of scepticism existed was the first unit which had followed a localisation strategy in appointing a British general manager. This suggests that internal consistency is important in the process of internationalisation and that the maintenance of a broadly ethnocentric approach needs to apply to all units (Mayrhofer and Brewster, 1996). The one attempt to move away from a control-oriented ethnocentric approach in one of the hotels was manifestly unsuccessful and this had transmitted itself in scepticism and a general lack of motivation and commitment within the unit, at least compared to those units with a Scandinavian general manager.

3. Country-of-origin

The importance of the country-of-origin has already been briefly discussed within the previous headings, for example the strong regulatory framework in Sweden and the effect this may have on management styles and approaches. What is interesting about Swedco though is the way in which the country-of-origin is probably better conceptualised as the

region-of-origin. In these terms we have already noted how the Swedco corporate culture seemed to be an amalgam of elements of a Swedish style, which was also complemented by a wider focus on a Scandinavian approach, as exemplified by the high number of Danish managers and employees in the organisation. Furthermore the words Scandinavian, Swedish and even Nordic appeared to be used interchangeably in literature produced by Swedco. Studies of the nature of national cultures (Hofstede, 1980) have claimed to identify a 'Nordic' group that includes both Sweden and Denmark, but a Danish general manager of one of Swedco's UK hotels argued that the two countries have significant cultural differences. In Denmark he felt a 'Swedish image would be negative'. When asked whether the company image was Swedish or Scandinavian or a mixture of both he commented, 'I don't know to be honest but we talk about Swedish', adding that in his view Swedco 'would have a bigger market if we said we were Scandinavian'. Similarly a Danish food and beverage manager, based in Sweden, suggested that, 'I would definitely call it a more Scandinavian way of running hotels...[however some of the Swedish managers saw it a little differently]...I think they said Swedish actually (laughs) and the rest of us Danes and so on we were saying Scandinavia'. One Swedish general manager talked of the Swedco Star concept as being more Scandinavianised because as the company's export product it had to represent Swedishness in a variety of European settings. Another Danish general manager added 'it is important for the image to have a strong Scandinavian influence in the units'. The key point though is the influence of the region/country-of-origin and this issue is now examined in further detail.

The evidence highlights the complex and dynamic relationship between layers of culture and the challenge which this can present to companies like Swedco in balancing any positive benefits to be gained from integrating elements of Sweden or Scandinavia into the product and management style against the potentially negative effects that concentrations of Swedish/Scandinavian managerial staff can have upon non-Swedish managers. The Swedco managers interviewed had considerable experience of the international market. It

is important, however, to understand the role of Swedishness in differentiating the Swedco product from that of other international hotels and to set this in the context of corporate culture on the one hand and operational pragmatism on the other. Thus if it is true that international managers need to understand 'how their own culture affects their own style' (Barham and Rassam, 1989: 93), it is interesting to consider this fact in light of comments made by Scandinavian (non-Swedish) managers working in the UK. A Danish general manager described how initially at one of the properties in England the company had gone too over the top on the Swedish aspect:

...the problem here in this hotel is, that without blaming anyone or with no disrespect to anyone, the Swedish side of it was a negative factor. There used to be a lot of Swedish managers in the hotel. They all used to speak Swedish, nobody could understand them. A lot of phone calls to Sweden, whenever a Swede came in there was special treatment, so I've been trying for the last four months to turn that around.

Clearly, then, such overt Swedishness could be thought of as having a negative effect. Another Danish general manager was convinced that it was wrong to be 'overdoing the Swedish feel so that it offends the local market. There should be just enough that the local market gets a little tempted by it'. These comments suggest that national culture needs to be drawn upon sensitively and selectively if staff and customers are not to be alienated by it.

Interestingly, unlike IKEA where managers are believed to need to understand Swedish to appreciate fully the culture of the country and the company (Duenas, 1993), the company language of Swedco was English. Nonetheless the disjuncture between this and the reality of what happened when Scandinavian managers got together illustrates a further example of the country-of-origin effect. Several of the Scandinavian managers

recognised that the only non-Scandinavian general manager tended to be isolated within the group of general managers. In part this situation was due to his inability to speak Swedish, as one Danish general manager noted 'I would say he has a problem because sometimes he is missing out because if I see some colleagues from Sweden for instance I instantly switch to Swedish or Danish or whatever and then he is missing out. So I think it is a big advantage working in a Swedish company'. In a similar vein a British assistant general manager suggested that 'there is a pressure...not a pressure, I wouldn't say a pressure, but there is the [Swedco] or the Swedish philosophy or way they want to operate, they don't want to lose their Scandinavian influence here'. Clearly, then, the country-of-origin effect could be experienced negatively, as well as positively.

A further aspect of the country-of-origin effect was the question of statutory union recognition. Most of the Scandinavian managers who spoke about union recognition did not display a strong anti-union or unitarist attitude. Indeed, one Danish food and beverage manager suggested that on the point of union recognition, 'we were taking it for granted that it was the same outside [Scandinavia]'. As already discussed, this view reflects the tradition of co-operation and consensus of the Scandinavian approach to industrial relations and managing the relationship with trade unions (Hammarström and Nilsson, 1998; Mabon, 1995). Consequently the Scandinavian managers accepted trade unions as a fact of working life: 'It is the way of work, you learn to live with it and work with it, and you can find good policies. When we are in Sweden and see the English way of strikes, I sometimes wonder what is happening'. Furthermore this Swedish general manager actually used the unions to sometimes push decisions or new strategies through, such as seeking greater flexibility amongst the workforce, or for smoothing over a grievance or disciplinary problem with an individual. Similarly the personnel managers interviewed in Sweden recognised the benefits of working with the unions: 'I try to talk to them with a lot of things. To have them feel that we work and strive for the same goals...I don't talk to them about everything of course but very much'.

A contrasting opinion on this issue was supplied by a Danish general manager, who had lived in the UK between the ages of 12-18. He had managed in Sweden and felt that union recognition had caused numerous problems for him during his time there. In reply to the question of whether he had found union recognition problematic he concurred, 'Yes, oh yes, you had monthly meetings with them and everything like that, it's very strict, whilst I was with Sheraton I did three tribunals'. Reflecting the earlier description of the continuing impact of the Swedish Co-Determination Act and the Act on Security of Employment the same interview also went on to describe the extent to which his decision making had to be cognisant of and responsive to any union concerns: 'you had to negotiate on all sorts of things, working hours, uniforms, redundancies, job descriptions, any change in a job has to go through a union, it's frightening actually, time is wasted'. Essentially the interviewee felt he had nothing against unions, especially for their important role during the earlier part of the century in regulating some of the worst employee excesses, but now 'it's just been taken too far'. This point was also alluded to by a Swedish general manager who had also managed in England. She outlined how she had to negotiate with the unions in Sweden on a range of issues. For example, if they were to re-organise the hotel she would have to consult extensively with the trade union representatives, including presenting the new organisational chart and asking for their input and response to this. Furthermore if the re-organisation envisaged redundancies then she would have to negotiate who was to be made redundant and the issues that this process engenders, thus:

I would say that employees here, they really have a voice, and you can't compare it. They are part of the business, we don't have the union with us in the management team, in some places they do...it is still us deciding, but we need to follow certain rules and we need to listen to his advice and

discuss a number of things with [the union representative], and this is very hard, because I feel now and then that it slows down the process.

Overall, these comments provide a useful illustration of the effects of the aforementioned Swedish co-determination law, MBL, and seem to support Hammarström and Nilsson's (1998: 237) assertion that 'MBL has prescribed that management should be a joint effort by capital and labour, that is, managers and union representatives'.

4. Country-of-operation

As a corollary of the above discussion, arguably the most interesting aspect of the country-of-operation was the way in which the Scandinavian managers managed in the UK without the constraints of the relatively tight Swedish regulatory system (Mabon, 1995). In relation to the role of trade unions several of the interviews explored in some detail the perception of managers now working in Sweden after some time spent working in the UK: 'The biggest shock, or difference, was definitely the power of the unions here in Scandinavia, it was really giving me grey hairs' (food and beverage manager, Danish). This quote exemplifies the views of a number of interviewees who felt that somewhere between the completely unregulated industry in the UK ('Britain was too far to the other side, where one day you have a job and the next day you don't and that is too radical that way') and the strongly regulated industry in Sweden ('In Sweden you can say the unions to a large extent rule the operation...your room to manoeuvre is definitely limited in Sweden') lay an ideal compromise.

Nevertheless it is noteworthy that several Scandinavian managers enjoyed the greater latitude which managing in the UK brought. For example, a Swedish general manager recognised that, 'One very, very big difference is in the UK you can do whatever you want more or less which I enjoyed. Here [Sweden] you do not. Here you have the

systems, the techniques, the way you need to negotiate with the union representative'. It is interesting to note here the extent to which Scandinavian/Swedish managers may change their management style in reaction to the relative lack of regulation in the UK. Brewster (1993), in reporting research on Swedish expatriates in Britain and British expatriates in Sweden, suggests that a number of the Swedish managers in his sample relished the freedom from participative management and union 'interference'. As a consequence many of them were 'less consultative when they move to the UK. It would seem that the indigenous working culture of the host country affects the management style of the expatriate...[with the consequence]...that many expatriate managers are able to adopt a style of behaviour which is, literally, "foreign" to them' (ibid.: 57). The findings reported in this thesis suggests this is true to an extent with the hotel managers interviewed, though equally many of the Swedish managers in both Brewster's sample and, indeed this research, retained much of their Swedish style. For example, several of the managers suggested that trade unions could play a role in the UK, albeit premised more on notions of European social partnership and less on the more instrumental and confrontational approach which were considered by the managers as characteristic of British trade unions: 'But in today's environment I mean we don't have a whip here, I don't put any of my staff in prison or things like that. We are quite human. And I think the [British] unions have lacked the opportunity to move into areas where they could have a considerable role in the future' (general manager, Swedish). Consequently it could be suggested that whilst a number of the Scandinavian managers enjoyed the greater freedom and flexibility of the UK, they also felt that employers needed to manage in a progressive way to best use this situation.

The evidence would seem to suggest, then, that Scandinavian managers, although enjoying the greater freedom within the UK, did not go wholly native in their outright rejection of a role for trade unions. Indeed, this created an interesting situation in terms of the disparity in the views of British and Swedish/Danish managers on the question of trade union

recognition. Swedco offered a somewhat perverse example of 'the host country effect' (Ferner, 1994) in relation to the question of adaptation to prevailing industrial relations systems. A British personnel manager related how the Transport and General Workers Union (TGWU) had initially sought recognition within one of the hotels and had made some progress with the Swedish managing director for the UK, something which was soon stopped by the British managers. As the manager recounted: 'I mean [the UK managing director] actually at that point said to them "oh yes come along", or whatever. They hadn't put anything in writing and he'd been made aware of the fact that if you get them in the door you'll never get rid of them again, and he wasn't aware of the hold they could actually have once they were in the door. So nobody is prepared to actually say "oh yes come on in"'. The acceptance by the Swedish managing director of the principle of trade union recognition, of course, stemmed from a very different conception of the role of trade unions, as likely to be found in Scandinavia and anathema to the British managers, who had an antithetical view of the potential role and influence of trade unions:

Completely different! Completely different, I mean he [the Swedish managing director] thought it was all going to be nicey, nicey, friendly, friendly, and I'm sorry but I don't believe that is the way it would be. Once they come in here they would be looking at conditions of work, hours of work and various other bits and pieces and knowing how people can moan and groan when they want to...not making us to be ogres or anything, but knowing what people are like, so I don't think anybody is actually prepared to put their foot forward first and say, 'yes, I'll invite you in'.

This view clearly exemplifies the prevailing managerial view of employee representation within the British context, which is characterised by a deep antipathy towards any role for trade unions in the hospitality industry (Aslan and Wood, 1993).

A further aspect of the country-of-operation effect was the extent to which Swedco may have overdone Swedishness or a Scandinavian approach, a point already alluded to earlier in the chapter. This overuse of an overt Swedish approach was something that was certainly recognised by a number of Scandinavian managers who had worked in the UK: 'What we maybe forget in Swedco, well not forget, but we did not work enough on was the realisation that you can't do everything Scandinavian in an English country...it's not like exporting an ashtray, because it is made in Sweden, it is Swedish. It is not the same in hotels, you have to adapt to their system in that country, and that was maybe one of the things we should have worked on more' (food and beverage manager, Danish). Indeed, the group's director of human resources recognised this in his comment that, 'it is rather hard to keep the [Swedco] Way working outside the Nordic countries. I think if we look upon England we are not achieving our goal yet'. As has already been noted in section 2.2 of this chapter this failure to fully internalise and understand what the Swedco Way was all about was in fact picked up by a small number of the British managers, and was most strongly articulated by the only British general manager:

...wherever they go outside their Swedish environment they will have to adjust to a degree to the ways of that particular country...that is not to say that we can't take the best of Swedish ways and incorporate them with the best of our ways and come up with a medium that works...I think there was maybe a naiveness originally that the Swedish style was going to be quite easily adaptable to all of the countries...I think they originally thought this was going to be a straightforward case of this is the way we do it in Sweden and this is the one way we will be able to do it in the UK and Germany and so on and they have certainly found it doesn't

Somewhat paradoxically a British personnel manager suggested that the Swedco Way training was not as Scandinavian as she thought it would have been and aside from obvious things, such as 'large open spaces' and Smörgåsbord, it was difficult to fully understand the Swedish aspect: 'other than watching a video we didn't learn that much, it is quite difficult to visualise if you haven't been to Sweden. Actually that could be the answer (laughs) it's difficult to explain the training without going'. This seems an interesting point given the earlier recognition that none of the British managers had actually attended the Swedco Business School, which was ostensibly concerned with teaching non-Swedish managers the key aspects of Swedishness and Swedish culture.

A final aspect of the country-of-operation effect is the extent to which non-British managers coped with the difficulties inherent within the British perception of service and working in the hospitality industry. As was noted in the previous chapter, Wood (1997) has developed a useful model by which comparisons can be made as to how hospitality work is perceived based on the notions of cultural acceptability of hospitality employment and the relative value of hospitality pay. He posits that the UK can be located in the quadrant of his model which is reflective of low cultural acceptability and also low relative value of pay. Conversely Scandinavia is offered as an example of a region which has high cultural acceptability and a high relative value of pay. The research presented here largely supports Wood's contention. A British assistant general manager commenting on pay and social status recognised: 'It's very difficult to get staff because they can get paid so much more elsewhere. And it's very different in Europe, in that the positions like waiter and waitresses are frowned upon, they are not seen as a skilled position like they would be over in France or Italy'. This state of affairs was also recognised by several of the Scandinavian managers, the following comment being typical: '...the job for an English waiter feels degraded, whereas for a Swedish or a Danish waiter it's a good job, they have had three years apprenticeship' (general manager, Swedish). Consequently a number of the Scandinavian managers commented on the relative lack of

professionalism and interest in the hospitality industry in the UK, a situation they found somewhat puzzling and frustrating.

5. Size of the MNC

As already noted Swedco never really moved beyond being a strong regional player within Scandinavia, whilst at the same time seeking a limited international profile within Europe. Consequently it remained a relatively small MNC, especially in relation to a number of other larger hotel MNCs, such as Americo, and particularly Frenco. Moreover in trying to disseminate Swedishness via its ethnocentric approach it was unlikely that whatever its size, Swedco would ever have aspired to geocentric status. Therefore Swedco seems to conform to the limited evidence which suggests that smaller MNCs are more likely to pursue an ethnocentric approach (Mayrhofer and Brewster, 1996).

6. Stage of internationalisation

Again the relatively short time in which Swedco had been operating as an MNC meant there was no evidence of an evolutionary approach being enacted to more 'advanced' forms of internationalisation. The only limited evidence of an evolving approach was in attempts at localising the general manager position in one of the units visited, a policy which had seemingly met with little success, and confirming the need for a consistent ethnocentric approach, as advocated by Mayrhofer and Brewster (1996).

7. Mode of expansion

All of the hotels visited as part of the research were management contracts, with Swedco running the hotels as operators. Gannon and Johnson (1997: 196) have suggested that 'This market entry mode allows high levels and sees the transfer of knowledge resources

as critical contract management'. This view clearly envisages a key role of managers and their expertise in sustain such an approach and this contention is supported by the evidence from Swedco, where high levels of socialisation control were apparent.

8. Conclusions

Swedco had attempted to develop an ethnocentric approach to internationalisation and in this process had used the Swedco Way as a unifying device for its spatially dispersed units. This had also been complemented by the use of a number of PCNs and TCNs (i.e. Danish managers) in the key position of general manager. The Swedco Way as a corporate culture device was important in both the hardware and the software. In relation to the former it underpinned an explicitly Swedish/Scandinavian approach to the physical product, most obviously exemplified by the use of Swedish Smörgåsbord. With regard to the latter, it was important in disseminating a management style which could be seen to have some resonance with aspects of the Swedish model of employee relations, for example greater informality and a more participative management style. Generally the company had been relatively successful in seeking to integrate its overseas units via the Swedco Way and the use of PCNs and TCNs. Where a Swedish/Danish general manager was in charge of an individual hotel the indigenous managers interviewed demonstrated a high level of enthusiasm for the Swedco Way. The one unit which was the exception to this was that managed by a British general manager, who remained somewhat sceptical as to the Swedishness or uniqueness of the Swedco Way.

The evidence also brought to light some important aspects of the country-of-origin and country-of-operation. Most notably this was on the question of the relationship with trade unions. Generally the Scandinavian managers were used to working closely with trade unions and largely maintained a consensual and good working relationship with the unions within Scandinavia. This was in contrast to the British situation where, despite some encouragement from the Swedish managing director for the UK, the TGWU had

failed to gain recognition due to the antipathy of the British managers. Clearly, then, the case demonstrates that industrial relations systems tend to remain the main aspect of the country-of-operation effect which will impinge on the MNCs behaviour. Albeit Swedco provide an interesting twist on this situation in that they were willing to consider trade union recognition something which the British managers were unlikely to countenance. A final aspect worth reiterating was the attempts by Swedco, via the use of Omtanke, to create an environment which created 'aggressive' hospitality. The rationale for the introduction of Omtanke was attempts by Swedco to create high quality service encounters where staff would feel sufficiently valued and autonomous to act in an empowered way to serve the guests to a high standard, though the extent to which this strategy was fully internalised by employees remained mixed.

CHAPTER 9 CONCLUSIONS

1. Introduction

This thesis has been concerned with examining the internationalisation strategies of three international hotel groups. Specifically, the thesis sought to explore the interplay between multinational companies (MNCs), host countries and human resource management (HRM). The study examined these processes with an empirical exploration of the approach taken to internationalisation by three case study organisations - Americo, Frenco and Swedco. In over 70 interviews, with corporate and unit level managers, there was an attempt to discern the dominant orientation to internationalisation within the organisations and the impact this had on the co-ordination and integration of their spatially diffused units. Furthermore there was an analysis of how a number of other variables are likely to impact on MNC behaviour, most notably its country-of-origin and the country-of-operation.

The objective of this final chapter is to reiterate the main findings of this study and to interpret these within the context of the key literature sources (and the headings they generated) which were identified in Chapters 1-4, and are briefly discussed below. A further issue is the need to recognise that the conclusions drawn from this study remain tentative and in themselves also engender a number of methodological issues. These issues will be assessed with a recognition of the methodological weaknesses and limitations of this study. Stemming from the discussion of the limitations of this work, the conclusion will also address the potential for future research in this area.

In sum, then, this chapter reviews the evidence gathered during the course of this study and seeks to draw some conclusions about the nature of internationalisation of the hotel industry and the impact this has on MNCs approaches to managing their human resources. The chapter will also consider methodological concerns and suggest

ways in which further light can be shed on the impact of continuing internationalisation of the hotel sector.

2. The analytical framework

In developing the original objectives of the research, as outlined in the introduction to the thesis, this study attempted to synthesise three different strands of literature to allow for the development of an apposite theoretical framework to categorise and analyse the emergent empirical evidence.

The first literature strand was that concerned with the general processes of internationalisation and work on differing orientations by which organisations may be characterised by. This discussion drew on the typologies offered by Bartlett and Ghoshal (1989) and Perlmutter (1969). The latter work was suggested as being particularly useful in its development of the so-called EPG¹ profile to discern an overall orientation adopted by organisations. The former was less useful in this regard, but nonetheless, is important for its identification of what Bartlett and Ghoshal characterise as the 'transnational solution'. Along with Perlmutter's geocentric 'ideal', the 'transnational solution' is considered the most developed form of the internationally operating organisation and a key issue within the case study evidence was the extent to which the hotel companies might be aspiring to develop a more transnational or geocentric outlook.

The overarching framework offered by Bartlett and Ghoshal and Perlmutter provided the context for more detailed work on the notion of how MNCs seek to co-ordinate and integrate their spatially diffused units. A key issue within these concerns is the role to be played by international managers and the extent to which organisations rely on parent-country nationals (PCNs), host-country nationals (HCNs) and third-country nationals (TCNs). This issue of how MNCs utilise PCNs, HCNs and TCNs

¹ EPG in this instance refers, of course, to ethnocentric, polycentric and geocentric.

in the management and control of their overseas units was one of several aspects of the second literature strand utilised for this study; that of the work on international human resource management (IHRM). Allied to the work on co-ordination and integration and the role of the international manager, recourse to the work of Ferner (1994; 1997) also engendered several key headings, within the broad area of IHRM, which will impact on the way the MNC manages its human resources. Most notably this influence is in relation to the country-of-origin of the MNC and the country-of-operation. Having developed the general framework on which this work is based the thesis then went on to examine the sectoral and industry context.

The discussion on the nature of the service sector identified several aspects which were particularly important to this study. First, the uniqueness often ascribed to services, especially in relation to notions of intangibility, inseparability and heterogeneity. These headings allowed for an examination of how services can be conceptualised both in terms of hardware (for example, the hotel room, meals, beverage, leisure services) and software (for example, the link between HRM and the service encounter). Within that discussion it was recognised that increasingly organisations see competitive advantage stemming from the latter rather than the former, and thus there was a concentration on how organisations are increasingly seeking added value via the mechanisms of high quality service provision. The second and related aspect was the impact on all of the above on the internationalisation strategies of service companies, and particularly the extent to which organisations may seek to standardise or differentiate their 'product'.

On the basis of this discussion it was suggested that organisations may seek both to standardise and differentiate their approaches to hardware and software, depending on the type of service organisation and their motives in internationalising. These sectoral concerns were then mapped on to the specificities of the industry focus for this study, the international hotel business. The description of the international hotel sector was framed by a recognition of the dominance of American organisations in the genesis,

development and consolidation of the sector. The resultant American model of hotel internationalisation was one characterised by concept standardisation to ensure operational control and guest consistency, allowing chains to make their reputation on the basis of universality, quality and consistency. As Nickson (1998) notes this model was one which endured in the international hotel sector for the period from the late 1940s until the mid-1980s. Increasingly, though, intensifying competition led to a shift from concentration on the hardware as the source of added value to the perceived benefits to be derived from offering high levels of quality service. Thus, it was argued that although standardisation remains an integral part of the competitive strategy of international hotel groups, the software is increasingly seen as the source of added value for organisations.

It was the discussion of the above issues which led to the development of a number of headings which allowed for the ordering of the extensive empirical material generated by this study. It is acknowledged that there is a certain crudeness in these categorisations, but equally it does allow for the systematic review of a large amount of empirical data. The issues generated by this data were extensively discussed in Chapters 6-8 and will now be returned to in a more integrated manner to allow for greater comparison between the case study organisations.

3. The empirical evidence - a return visit

This section reviews again the most important evidence garnered from the case study organisations in a systematic and disaggregated manner. Though somewhat mechanical this process is felt to be useful for comparative and summative purposes. In this sense the discussion of the issues shifts from the within case analysis of Chapters 6-8 to a more cross-case analysis which is concerned with identifying similarities and differences between the organisations. The first issue to be reviewed is the approach of the case study organisations to the hardware of their overall 'product'.

Table 9.1 - A review of approaches to hardware

Heading	Key finding(s)
Hardware	<p>Americo: High reliance on detailed SOPs, facilitating strict standardisation and archetypal home away from home for the American business traveller.</p> <p>Frenco: Brands appealing to the customer on the basis of standardised international product. Some evidence that the upper market hotels sought to have some recognisably 'French' aspects, particularly in food and beverage, for example, a Boulangerie/Patisserie in the hotels.</p> <p>Swedco: High levels of standardisation in individuals hotels determined by manuals and SOPs, but the export 'product' infused with a Swedish feel, most obviously in food and beverage, for example, the Smörgåsbord buffet.</p>

As was noted in Chapter 4, despite claims as to a lessening of the competitive advantage to be derived from high levels of standardisation, it is clear from the evidence that standardisation and the creation of a home-away-from-home remains an integral part of the competitive strategies of major international hotel companies, whatever their country-of-origin. Thus this aspect of the American model remains alive and well.

The interesting aspect of this finding is not so much that standardisation remains a major part of the companies approach, rather, it lies in the perception of managers as to its desirability. In those terms the evidence did produce something of a dichotomy between Americo, and Frenco and Swedco managers. For example, Americo managers saw little problem with attempting to disseminate the archetypal home away from home which characterised the American model of hotel internationalisation. Likewise within Frenco and Swedco there was strong evidence to suggest that the physical product developed by these companies drew heavily upon an approach established by the American chains. Thus they continued to rely to a great degree upon the business and financial systems developed by chains in the USA, particularly in the use of concept manuals and SOPs.

Nonetheless some managers within Frengo and Swedco liked to see their companies as qualitatively different from the American model-type approach. In a limited sense this may of course be true in the way that Frengo and Swedco utilised obvious national signifiers to infuse their products with elements of ‘Frenchness’ and ‘Swedishness’, reflecting Mathe and Perass’ (1994) view of international service organisations seeking to strive for ‘exotic’ or ‘foreign’ appeal in their product. Overall though it is clear that the underpinning approach remains unchanging. In many respects this duality between Americo and non-Americo managers nicely illustrates the janus nature of Americanisation, as noted by authors such as McKay (1997) and Ritzer (1998: 71) who cites Kuisel’s (1993: 3) view that ‘America appeared [to the French and Europeans in general] as both a model and a menace’². Thus, within the context of the international hotel sector, Americanisation becomes something to either be decried or embraced, or in the case of the case study companies, seemingly both.

Table 9.2 - A review of approaches to software

Heading	Key finding(s)
Software	<p>Americo: TQM and empowerment underpinning a participative management style and strong customer focus. Influence of the founding family in creating and sustaining a paternalistic corporate culture, and particularly the belief of the founder of the need to take care of employees. The latter view is manifested in support for progressive aspects of HRM, such as high levels of training and a strategic view of functional flexibility. Clear connection between HRM and Americo’s customer orientation, through the use of empowerment.</p> <p>Frengo: Antithesis of typical French HRM practices and drawing more on internationalised management approaches and the excellence literature as exemplified by support for autonomy, openness and decentralisation in decision-making. Key role of training centre(s) in disseminating corporate culture and training globally aware managers. Use of ‘hard’ HRM, for example high numbers of part time staff and extensive contracting out.</p> <p>Swedco: Drawing on aspects of the Swedish model of HRM/IR, as well as more sophisticated unitarism. The Swedco Way was characterised as attempting to disseminate a Scandinavian/Swedish approach/management style which was felt by managers to be exemplified by practices such as, informality, openness and autonomy in decision-making.</p>

² Though on balance it should be noted that generally Americanisation is seen as a menace, and this is nicely exemplified by a number of works noted by Ritzer, such as *America the Menace* (Duhamel, 1931), *The American Invasion* (Williams, 1962) and most famously, Servan-Schrieber’s (1968) *The American Challenge*.

Table 9.3 - A review of work organisation and the service encounter

Heading	Key finding(s)
<p>Work organisation and the service encounter</p>	<p>Americo: Attempts to sustain high quality service encounters via careful recruitment and selection and employees internalising Americo's values. Nevertheless evidence of parameters surrounding decision-making with empowerment process and difficulties in empowering non-front line personnel. Evidence of widespread delayering and downsizing creating concerns about job security and engendering a willingness to accept work intensification. Claims to be pro-employee as opposed to necessarily anti-union.</p> <p>Frenco: Shift from reliance on the 'hardware' to the 'software', in terms of sustaining a quality approach underpinned by a clear link between HRM, employee and customer satisfaction. Support for empowerment-type mechanisms, characterised as subsidiarity.</p> <p>Swedco: Attempts to generate staff commitment to high levels of customer service by the use of empowerment-type strategies. Strategies for attitudinal restructuring also existing alongside 'harder' quality mechanisms, such as BS 5750. Evidence of some 'soft' aspects of HRM also existing alongside 'hard' aspects of HRM, such as numerical flexibility and contracting out.</p>

These two headings are discussed together due to their interrelatedness. In this sense the overall approach to the software in the case study organisations creates the conditions which, in turn, effect the way they seek to manage the service encounter. A notable finding from the evidence is the degree of similarity in the way managers in the case study companies talked about the macro level issues of software, and more micro level concerns with the management of the service encounter. In relation to the former, despite differing influences in the establishment and development of the companies corporate cultures', there was a good deal of similarity in the outcomes, particularly in relation to HRM-type initiatives. For example, several aspects were evident in all the case study organisations, such as the perceived need for autonomy, openness (manifested in an open door policy and open table forums), decentralisation in decision making and encouragement of a strong internal labour market.

Many of these aspects could be seen to be integral to offering high levels of service quality and the evidence from the case studies points to this rationale being predominant in the organisations' strategies. Reflecting Schuler *et al.*'s (1993) view that the 'competitive strategy imperative' is likely to depend on the existence of a common set of needed employee role characteristics for quality improvement and a

common set of human resource practices for those characteristics, the case study organisations evidenced a high degree of similarity in their approaches. Most obviously this convergence can be seen in relation to empowerment-type mechanisms, which were an integral part of the competitive strategies of all of the companies. Thus it could be suggested that the organisations exemplify Waters (1995) view that increasingly there is a recognition of a burgeoning idealisation of organisational behaviour premised on a strong corporate culture which, in turn, envisions a key role for the new cultural paradigm's symbols and tools, such as TQM, empowerment, functional flexibility/multi-skilling, and high levels of staff training and development.

Table 9.4 A review of integration, co-ordination and the role of the international manager

Heading	Key finding(s)
Integration, co-ordination and the role of the international managers	<p>Americo: Control-oriented ethnocentric approach to internationalisation, with use of American expatriates or long-standing 'Americanised' Americo people in key positions, such as general manager. Control further enhanced by the use of 'task forces' to transfer the corporate message. Some evidence of the beginnings of attempts to aspire to a more global outlook, for example, by the use of well known consultants academics.</p> <p>Frenco: Frenco's corporate culture used as a unifying mechanism across the company, as the organisation attempted to sustain a broadly geocentric approach. Nonetheless, there was some evidence of post or neo-colonialism in use of French expatriates in certain parts of the world. Overall, attempts to sustain a 'global' approach was facilitated by the movement of a cadre of 'global' managers across brands/countries.</p> <p>Swedco: Control-oriented ethnocentric approach facilitated by Swedish or Danish expatriate managers in pivotal positions in overseas units. Generally successful transfer of the Swedco Way, but some scepticism in the only unit with a non Scandinavian/Swedenised manager.</p>

It was noted in Chapter 2 that MNCs face choices in the extent to which they rely on PCNs, HCNs and TCNs as they seek to co-ordinate and integrate units throughout the world. In that respect it was argued that the mix of managers is a good indication of the overall orientation of the MNC. For example, an ethnocentric approach will be apparent when high numbers of PCNs are sent, as expatriates, to manage in overseas units. Moreover these issues have to be seen within the context of increased

globalisation of business, where it is increasingly argued that the successful global companies are those who are able to, in the oft-repeated prescription, 'think globally and act locally', or adapt a form something close to Bartlett and Ghoshal's 'transnational solution' or Perlmutter's geocentric 'ideal'. Such companies are those whose commitment to such an approach extends beyond simply expressing such views, but also offer material support and the necessary means to encourage it; for example, attempting to create a cadre of 'global' managers.

Based on the evidence in this study, and judged against the key features of transnationalism (see Table 1.1); Roper *et al.*'s (1997) profile of a geocentric approach (see Table 2.2); and D'Annunzio-Green's (1997) description of how a geocentric organisation addresses international management development, Frencos, on balance, exhibit many aspects of a 'global' company. Moreover the key role of the training centre(s) allows for what Edwards (1998) describes as 'reverse diffusion', where the home country is also seen to learn from the practices of host countries and their nationals. Indeed, it could be argued that Frencos manifest many of the characteristics suggested by Edwards (1998: 706) as being prevalent in promoting reverse diffusion, these being: an international business strategy based on realising synergies between sites; a 'global structure'; widespread geographical dispersion of activities; 'maturity'; growth through acquisition; and the existence of international management structures, such as a worldwide personnel committee or regular meetings of managerial staff across sites.

This apparent globalism evident within Frencos can be contrasted with Americos, who despite espousing support for transnationalism, are still seen to be somewhat ethnocentric in their approach. Moreover Americos may face particular challenges in the widespread assumption from many of their managers who were interviewed about the synonymy of American and global standards. It is also instructive that the academics and consultants brought into the company to encourage more global thinking were, in fact, all American. Nevertheless, senior corporate figures were aware

of these issues and with aggressive overseas expansion in the next few years Americo, in becoming more spatially diffuse, may also increasingly exhibit a more geocentric style in their management approach, without wholly moving away from their American roots. Indeed, and as a final caveat on the issue of whether any organisation can be wholly stateless or lose their national identity entirely, something which even the more globally-oriented Frenco failed to do, Kindelberger's (1969, cited in Hu, 1997: 1665) view that 'The international corporation has no country to which it owes more loyalty than any other, nor any country where it feels completely at home' remains prescription rather than reality.

The final case study, Swedco, are clearly representative of a control-oriented ethnocentric approach. Their use of managers as 'a key means of disseminating cultural understandings and ways of doing things' (Ferner and Edwards, 1995: 241) allowed them to attempt to disseminate a Swedish approach, albeit one which was also infused with notions of good practice HRM. Within Swedco it is also instructive that the unit where there was most resistance to any putatively Swedish approach was where a British general manager was in charge. Rather like Mayrhofer and Brewster (1996) Swedco did not see this ethnocentrism in a retrograde manner but congruent with their aims to offer a sense of Swedishness in their hotels. Moreover, in many respects this strategy could be said to be sensible within the terms of what it is trying to achieve. The need, then, for congruency between overall strategy and orientation is suggested as a key finding from this study and this contingency negates the expectation that organisations should necessarily seek to aspire to either the 'transnational solution' or the geocentric 'ideal'.

Table 9.5 A review of the country-of-origin effect

Heading	Key finding(s)
Country-of-origin	<p>Americo: Issues surrounding the perception of an American MNC. Extent to which American management practices are considered synonymous with global standards. Americo as an exemplar of customer-oriented service culture. Exemplifying the North American institutional framework, Americo had a unitarist attitude to trade unions, though managers claimed to be pro-employee as opposed to necessarily anti-union.</p> <p>Frenco: French managers still demonstrating a French style of management, which has not been overridden by more international approaches, leading to some resistance to aspects of the French management style. Paradox of high levels of 'cultural capital' of French managers. Reflecting prevailing low levels of trade union density in France, Frenco managers exhibited a high level of antipathy towards trade unions.</p> <p>Swedco: Some evidence of an overt Scandinavian/Swedish approach in the management style. Again, reflecting the prevailing institutional arrangements particularly in Sweden, but Scandinavia generally, the Scandinavian managers accepted the influential role of trade unions in the hotel as a fact of working life.</p>

In relation to the country-of-origin, it is clear the findings from the case study companies supports the widely held view that organisations do bear a cultural stamp from the society from which they emanate and that nationality remains a significant determinant of how they behave. Moreover the evidence also suggests that the home country of an organisation also impacts on the way that their practices are perceived in host countries. For example, Ferner (1994) suggests that American organisations have a tendency to exhibit ethnocentric tendencies and this was certainly apparent within Americo, both in terms of actual practice and equally in relation to the idea of American practices being synonymous with global practices. Similarly, within Frenco, there was clear evidence of French managers exhibiting what was perceived as a 'French style', which was felt by a number of non-French interviewees to invalidate Frenco's claims to be wholly global in their outlook.

A further issue was how companies were perceived in relation to their degree of customer orientation. Thus Americo, reflecting the characterisation of America as a customer-oriented society, seemingly had the most developed customer-oriented

service culture and this finding chimes with other recent comparative analysis of the hospitality sector which has suggested that the USA had the most sophisticated hospitality industry in the world (JHIC, 1998). A slight variant on this issue of service culture was the extent to which French managers were invested with a degree of 'cultural capital', which reflected the perception among both French and non-French interviewees of a high level of professionalism inherent within the French hospitality industry.

Perhaps the most significant finding, though, was the extent to which industrial relations practices reflected the country-of-origin of the organisations. The antipathy from managers towards trade unions found in Americo and Frengo was the antithesis of the views expressed by Swedco's Scandinavian managers who, on the whole, were well used to, and largely accepted, working within the framework of an influential role for trade unions. Clearly, then, the managers interviewed tended to reflect the institutional framework from which they emerged.

Table 9.6 A review of the effect of country-of-operation

Heading	Key finding(s)
Country-of-operation	<p>Americo: Difficulties with the cultural specificity of service, with some cultures finding Americo's 'aggressive hospitality' overbearing and intrusive. Mediation of 'whatever it takes' mentality by the residual impact of 40 years of state socialism in the Polish unit. Some concern within Americo at having to adapt to legislative structures, especially the recognition of trade unions in some European countries.</p> <p>Frengo: Evidence of proactive approach to a country-of-operation with a tailored document for the United States which outlined a Frengo North American management philosophy. Acknowledgement of low cultural acceptability and low pay in the British hospitality industry.</p> <p>Swedco: Several Danish/Swedish expatriate managers enjoyed the high level of latitude in managing staff in the UK, without ever going wholly 'native'. Opposition of British managerial staff to trade union recognition. Acknowledgement of low cultural acceptability and low pay in the British hospitality industry.</p>

Essentially the impact of the country-of-operation can be distilled into two broad headings, namely, the effect of the culturalist and institutionalist perspectives. Within

these two headings the case study organisations evince several ways in which they were seen to be affected by and responding to prevailing circumstances. This was best exemplified within Americo, where the notion of 'aggressive hospitality' was suggested as being intrusive and unappealing in certain cultures, notably in Asia Pacific, due to differing values, beliefs and attitudes. Relatedly, Americo had also had a certain amount of difficulty in ensuring employees fully internalised the 'whatever it takes' mentality which underpinned empowerment. Though it is not so surprising that this was true within the Polish context, the scepticism apparent in the UK also revealed a latent cynicism towards what was perceived to be an 'American' fad.

A further issue was the permeability of regulatory frameworks and the evidence was mixed on this issue. In a conventional sense it was unsurprising to hear Americo managers expressing concerns about the level of regulation on continental Europe and the way this constrained their ability to manage. Rather more unusually the experience of Swedco in the UK demonstrated the impact of a more permeable regulatory system. Thus, the intent of Swedish senior managers to recognise trade unions was negated by the opposition of the British personnel managers. In turn, this meant that the Scandinavian managers in the UK enjoyed managing without the regulation to which they were accustomed, though at the same time they did not go wholly 'native' in adopting an outrightly unitarist attitude.

The final issue is one of concern to those in the UK trying to encourage a more positive view of working in the hospitality industry. The findings from this study illustrate a continuing dismal picture of low cultural acceptability and low pay, with this situation being a particular source of frustration for managers who had managed in other parts of Europe. In this respect the evidence provides support for Wood's (1997) continuing pessimism in relation to the extent to which the UK hospitality industry is perceived, and indeed experienced by many employees, as anything other than '...exploitative, degrading, poorly paid, unpleasant, insecure and taken as a last

resort or because it can be tolerated in the light of wider social and economic commitments and constraints' (ibid.: 198).

4. An emerging convergence?

Although the primary focus for this thesis was to examine the internationalisation strategies of three international hotel groups, a further issue which has been implicit throughout this analysis is the extent to which organisations human resource practices are becoming similar or remain distinctive. The recent collections by *The International Journal of Human Resource Management* (Vol. 9, No. 4) and Rowley (1998) illustrate that the issue of convergence and divergence remains a source of interest and debate to both academics and practitioners. Consequently, there will now be a brief reprise of this issue in relation to the international hotel sector. As has previously been noted in Chapter 2, generally a case for convergence can be made on the basis of several trends which are likely to drive converging tendencies, most notably: patterns of globalisation; economic integration; opening of markets; and the transference by MNCs of what is considered 'best practice'. To date, much of this analysis has been dominated by debates within the manufacturing sector and the re-emergence of what Martin and Beaumont (1998) term 'one-best-wayism' is perhaps best illustrated by the lean production literature.

However, within the service sector this literature remains relatively sparse, and specifically within the international hotel sector the only work is that discussed in Chapter 4. The research by Nankevis and Debrah (1995) and Jansen-Verbeke (1996) reviewed in Chapter 4 suggested a picture of some convergence, particularly in relation to the increasing globalism of guest market requirements and hotel management responses, leading to some uniformity in relation to procedures for guest contact and the emphasis on high quality service. The research reported in this thesis offers support for this view and is reflective of Bae *et al.*'s (1998: 656) contention that 'exportability of HRM/IR systems is not about an "all or nothing" choice, but

about a “what aspects and how much” choice. This implies that certain functions of HRM/IR may converge, while others may not’. Clearly, the research reported in this study suggests that MNCs can, in the right circumstances, legitimately and effectively transfer on notions of ‘best practice’ and this is facilitated by a variety of mechanisms, such as; corporate culture; the use of mission and value statements; transfer of managerial personnel between units and countries; and the use of internal and external benchmarking in relation to issues such as empowerment and quality service. This transference has led to clear trends towards sectoral level convergence (particularly in terms of an obsession with offering a high level of quality service), which in turn will impact on workplace HRM policies and practices and similarities in how the international chains within this study seek to manage work organisation and the service encounter. These universalistic tendencies are then best conceptualised as reflecting what Rowley (1998a: 11) has described as the ‘all conquering paradigm’ of ‘excellence’.

As was noted though, the issue of convergence/divergence is not simply a hard either/or dichotomy but rather remains one of complexity, uncertainty and fluidity. Thus as Rowley (1998a: 13) argues ‘the various views put forward to account for HRM differences are open to empirical and theoretical questioning, and analysis can often be a case of “weighting” trends, such as towards convergence and divergence’. Based on the foregoing evidence and analysis in this study, it is suggested that the evidence points to some convergence in human resource practices, what Rowley (1998b: 198) terms ‘relative convergence’. However this ‘relative convergence’ across the case study organisations is also offset by evidence from the case study organisations of continuing diversity and divergence, reflecting both cultural and institutional factors. This is illustrated by distinctly different outcomes in the different countries in relation to issues such as the acceptance of trade unions; and even in terms of the extent to which employees seemingly internalised, and were fully committed to, some of the HRM initiatives, especially empowerment.

5. Limitations and implications for future research

It is a truism to say that all research has limitations and this section intends to engage with this issue by acknowledging some of the potential weaknesses of this doctoral thesis. In many respects a number of these arguments have already been rehearsed within Chapter 5 of this study. In particular, that chapter elucidated some of the more fundamental criticisms of a case study and interview-based piece of research. First, there was a recognition of the difficulties of arriving at a sense of ‘truth’ in simply talking to managerial actors. Equally, it was acknowledged that from a positivistic point of view this study is potentially unscientific, very subjective and full of bias. A further issue was the choices and issues which face the researcher in addressing the topic of sampling and why certain sampling choices have to be made. Lastly, there was a discussion of the inherent complexity and difficulty in making sense of the mass of data which is generated within a qualitative approach. In many respects these fundamental issues can be seen to underpin more specific issues which arise in considering the limitations of this work, and this will be considered by concentrating on two key themes: sampling and data analysis.

It was argued in Chapter 5 that the purposive sampling strategy adopted for this study was designed to encapsulate a relevant range of units in relation to the wider population from which the organisations were chosen. Thus despite limited choice in the selection of Swedco, the later identification of Frenco and Americo as apposite organisations was congruent with the stated objectives of the thesis. Nonetheless it should be recognised that there was a certain amount of ad-hocism in the selection of appropriate organisations. In that sense it is acknowledged that in comparing the three chosen organisations, this study does not necessarily compare like-with-like and that an argument could be made that, in reviewing the internationalisation strategies of companies, a researcher should seek a matched sample. This matching would, then, involve the identification of several organisations who were, for example, seeking a more global orientation. Concentration on organisations pursuing a similar strategy

would allow for greater consistency and arguably lead to stronger theoretical generalisations about the nature of transnationalism and the characteristics of organisations who are perceived as being more global.

A further issue within sampling is who is to be sampled within the chosen organisations. Tayeb (1994) has argued that to develop a genuine and holistic comparison of organisations the researcher should seek to gain information from a representative sample of all organisational members. Clearly, this study concentrates on the views of senior and middle managers and neglects the front line employees within the organisations. The omission of an employee voice is reflective of much of the prevailing research on HRM with Clark, Mabey and Skinner (1998: 2) noting the analysis of HRM is largely managerialist and that 'the viewpoint of those on the receiving end [of managerial initiatives] has to date been the exception rather than the rule in the HRM literature'. Given that much of the rationale for this research is an identification and analysis of the HRM practices of the case study organisations the neglect of an employee viewpoint remains a serious exclusion of an important perspective and renders the findings in this study partial and reflective of a wholly managerial perspective.

Indeed, there may even be a case to be made for the inclusion of a consumer perspective. The justification for this would lie both in the recognition of how the customer may perceive aspects of both the hardware and software of the overall hotel 'product'. In regard to the former, the veracity of claims as to the distinctiveness or 'exotic' appeal of either a 'Swedish' or 'French' approach could be fruitfully explored. Equally, in relation to the latter the service encounter provides a nice example of high levels of customer involvement with the organisation and its employees. Thus the service encounter is essentially a triadic relationship involving, the creation of: a particular environment by the organisation (with its managers as proxies); a key role for the front line employee; and finally, the consumption of an experience by the customer. The way that customers experience initiatives such as

empowerment remains an under researched area. Given that much of the rhetoric of the case study organisations was about the creation of customer-focused approaches to service quality, this remains a potentially important area for pursuing further research. Over reliance in this research on the managerial perspective towards this social and economic exchange again remains a major weakness of this work.

In sum, the privileging of a managerial perspective is acknowledged as a significant limitation of this study and it is recognised that a more flexible approach would allow for a multi-dimensional view of internationalisation and the organisations attendant HRM policies and practices. This greater insight could be achieved with the utilisation of other data collection methods. Most obviously, the potential for 'triangulation' exists with the use of alternative methods, such as questionnaires or focus groups, being suggested as being suitable for seeking the views of other important organisational stakeholders.

The second issue of data analysis recognises the considerable difficulties in writing up case study material, both in determining an appropriate structure and in demonstrating that the analysis and conclusion can be linked to, and sustained by, the mass of data collected. The inductive approach adopted to this research allowed for the collection of a considerable amount of data which was then explored to determine the themes or issues to be analysed. This systematic analysis of the data allowed, therefore, for the teasing out and further development of key themes and issues. The eschewing of a pre-determined theoretical framework allowed for the emergence from the literature of the headings utilised for the analysis of the empirical data in Chapters 6-8. In this respect the research accords with the intent of a grounded approach in that 'rather than forcing data within logic-deductively derived assumptions and categories, research should be used to generate grounded theory, which fits and works because it is derived from the concepts and categories used by social actors themselves to interpret and organise their world' (Easterby-Smith *et al.*, 1991: 108). Nevertheless, it is recognised that there is a certain crudeness in the headings utilised for the analysis

of the empirical data. Equally, it is also acknowledged that there may be some arbitrariness in the way that some of the empirical data is organised. Reflecting the inherent messiness and complexity in qualitative data, it could be argued that the material used in, for example, the software heading of the findings chapters could also be easily located within the sections on work organisation and the service encounter. A final concern in the categorisation, ordering and analysis of the data is that the findings chapters are characterised more by breadth, than perhaps depth. In itself, this is not necessarily a limitation, but it does point to the possibility that many, if not all, of the headings utilised in the ordering of the empirical data are worthy of detailed study in themselves.

Much of the above discussion points to the fact that the findings and conclusion of this study are, by no means, representative of a definitive exploration of the internationalisation strategies of international hotel groups. Indeed, it is clearly apparent that there is always scope for further research in a broad area such as this, and therefore, there will now be a brief review of how this area may benefit from further study. As noted, a further area of suggested study is to develop an analysis based on a matched sample of organisations which are judged to be pursuing a similar approach to internationalisation, most particularly in relation to organisations seeking a more global orientation. The increasing claims of 'stateless' transnationals is one which is worthy of continuing empirical investigation and notwithstanding the limited work in this area (e.g. D'Annunzio-Green, 1997) this remains a potentially fruitful direction for further research. Equally, there is scope for developing more detailed research on many of the other aspects discussed in the findings of this thesis, most notably country-of-origin and country-of-operation. This would allow for a more in-depth review of potentially important issues.

Within this suggested research, or indeed as an important and separate issue in its own right, there is still much scope within the hotel sector for research seeking to give voice to front-line workers. The work of the likes of Adkins (1995) and Gabriel

(1988) remains the exception, rather than the rule. Consequently the way employees within the international hotel sector experience managerial initiatives such as: TQM; empowerment; and their response to the imposition of 'foreign' corporate cultures are all subjects which are worthy of further examination. One final area which is suggested by this research is that of cross-sectoral comparison. The original intent of the research from which this thesis emerged was to offer a perspective on how international service organisations approach internationalisation in a time of greater globalisation, compared to the approaches of manufacturing organisations. Moreover this research was premised on tracking organisations from the same country, in this case Sweden. This approach to the research could be particularly useful in developing an in-depth analysis of the impact of country-of-origin and country-of-operation, and the mediation of this by sectoral considerations. Though this aspect of the research remained largely underdeveloped, the piece by Thompson *et al.* (1998) does offer a starting point for how this research agenda may be furthered.

Finally, and more specifically in relation to the international hotel sector, the research raises as many questions as it answers. For example, will the industry continue to be dominated by American organisations? If not, what, if any, will be the likely impact of a shift in the locus of hegemony? Suggestions that Asia Pacific will provide, in the near future, a sustained challenge to American hegemony remain to be proven.

However if this does happen, it remains to be seen if 'western (American)' management and organising methods are so well established in the international hotel sector that they will continue to dominate. Equally given the identification of partial convergence, particularly in relation to the management of the service encounter via such devices as empowerment, the question arises as to what will be the next source of competitive advantage in relation to aspects of the software? If organisations are conceptualised as already 'going beyond and exceeding customer expectations', how will organisations impress the customer in the 21st century?

Continuing globalisation of the hotel industry, and the concomitant domination by MNCs that this is likely to entail, means that there will be manifold opportunities to assess these issues in the ever growing corporate hotel sector.

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APPENDICES

APPENDIX 1. PUBLICATIONS RELATED TO THE **RESEARCH**

Contributions to books

Jones, C., Nickson, D. and Taylor, G. (1994) ““Ways” of the world: managing culture in international hotel chains’ in A.V. Seaton, C.L.Jenkins, R.C. Wood, P.U.C. Dieke, M.M Bennett, L.R.MacLellan and R. Smith (eds.) *Tourism: The State of the Art*, Chichester: John Wiley and Sons, 626-634.

Warhurst, C., Nickson, D. and Shaw, E. (1998) ‘A future for globalization? Debates and developments in international business at the end of the century’ in T. Scanduri and M. Serapio (eds.) *Research in International Business and International Relations - Vol. 7: Leadership and Innovation in Emerging Markets*, JAI Press: Connecticut, 247-271. **NB.** This publication was double blind refereed.

Papers published in assessed journals

Nickson, D. (1997) ““Colorful Stories” or historical insight? A review of the auto/biographies of Charles Forte, Conrad Hilton, J.W. Marriott and Kemmons Wilson’, *Journal of Hospitality and Tourism Research*, 21, 1, 180-192.

Nickson, D. (1998) ‘A review of hotel internationalization with a particular focus on the key role played by American organizations’, *Progress in Tourism and Hospitality Research*, 4, 1, 53-66.

Jones, C., Nickson, D. and Taylor, G. (1997) 'Whatever it takes? Managing "empowered" employees and the service encounter in an international hotel chain', *Work, Employment and Society*, 11, 3, 541-554.

Jones, C., Nickson, D. and Thompson, P. (1998) 'Not part of the family? The limits to managing the corporate way in international hotel chains', *International Journal of Human Resource Management*, 9, 6, 1048-1063.

Thompson, P., Nickson, D., Jones, C. and Wallace, T. (1998) 'Internationalization and integration: a comparison of manufacturing and service firms', *Competition and Change: The Journal of Global Business and Economy*, 3, 4, 387-415.

Refereed conference paper

Nickson, D. and Taylor, G. (1995) 'Getting the service right? Hotel management in Warsaw'. Paper presented to the *Fourth Annual Council for Hospitality Management Education (CHME) Research Conference*, Norwich, April, published in conference proceedings.

APPENDIX 2. EDWARDS *ET AL.*'S RANGE OF QUESTIONS TO ASSESS THE GLOBAL ORIENTATION OF FIRMS

Questions developed by Edwards *et al.* (48-53) to discern whether organisations were globally or nationally-oriented:

Structural characteristics

- Whether the enterprise is a worldwide enterprise organised primarily along lines of multi-domestic or global?
- Trading relations between parts of the enterprise?
- Upward reporting in accounting and finance?
- Financial reports from business unit level?
- Market penetration as a measure of performance?
- Profits turned over to global headquarters?
- Communication globally using personal computers?

Organisational characteristics

- Board members responsible for different functions?
- Board members responsible for different territories?
- Frequent meetings of personnel managers?
- Centralisation of managerial pay?
- Frequent international management movement?
- Policy on managerial movement?
- Training and development for managers in overseas subsidiaries?

APPENDIX 3. FULL LIST OF INTERVIEWS

Americo

Headquarters

Director of Service Development

International Director of Training and Organisational Development, both Washington DC, 11-8-94

Consultants

Headquarters based consultant, 6-8-94

Independent consultant (Phone Interview), 13-10-94

Hotels

US

General Manager

Director of Human Resources - Washington DC, 2-8-94

Personnel Manager

Front of House Director

General Manager

Front of House Manager - Washington, DC, 4-8-94

Human Resource Director, Washington DC, 5-8-94

Food and Beverage Director, Washington DC, 9-8-94

Human Resource Director, Bethesda, 10-8-94

UK

Wholly owned hotels

General Manager

Training and HR Director

Food and Beverage Director

Director of Catering - London, 14-6-94

Franchised hotels

General Manager

Sales Manager

Reception Manager - London, 28-4-94

Personnel and Training Director

House Manager - Regents Park, 5-5-94

Austria

General Manager

Personnel Director

Head of Works Council - Vienna, 21-7-94

Poland

Joint venture hotel

General Manager

Guest Relations Director

Director of Human Resource, and (also interview with previous DHR see later under Sobieski) - Warsaw, 21-2-94

Swedco

Headquarters

Director of Human Resources, Stockholm, 21-6-94

Hotels

Swedco Stars

UK

General Manager

Assistant General Manager

Food and Beverage Manager

Personnel Manager

Front of House Manager - Nelson Dock, 4-3-93

General Manager

Food and Beverage Manager

Front of House Manager

Personnel Manager

Room Sales Manager - Victoria, 22-4-93

General Manager

Sales co-ordinator

Conference co-ordinator

Reception Manager - Gatwick, 23-4-94

General Manager

Food and Beverage Manager

Quality Manager - Edinburgh, 17-5-94

Austria

Operations Manager

Head of Works Council - Vienna, 10-12-92

Sweden

General Manager

Food and Beverage Manager

Personnel Manager

Front of House Manager - Stockholm, 20-6-94

Swedco Hotels

Sweden

General Manager

Regional Sales and Marketing for Southern Sweden - Helsingborg, 22-6-94

General Manager, Malmo, 23-6-94

Frenco

Corporate Headquarters

Managing Director of Hospitality Studies and Training, Frenco Academie, Paris, 5-7-93

Hotels

Up-Market

France

Assistant Manager, Paris Elysees, 5-4-94

General Manager, CNIT Paris, 5-4-94

Front Office Manager, Paris La Defense, 6-4-94

US

General Manager

Director of Human Resources

Chief Concierge - Washington, 9-8-94

Mid-Brand

Regional corporate

Managing Director UK

Training Director UK - Hammersmith, 20-8-93

Hotels

UK

General Manager

Personnel Manager - Hammersmith, 13-8-93

General Manager

Front of House Manager - York, 4-11-93

General Manager

Assistant Food and Beverage Manager

Front of House Manager - Bradford, 5-11-93

General Manager

Food and Beverage Manager - Newcastle, 26 -1-94

Poland

General Manager Warsaw (Franchise hotel and owned by Orbis the Polish State Tourist Office), 23-2-94

Midscale

UK

Managing Director UK, Slough, 12-8-93

Other Miscellaneous Interviews

Forte

Head of the Forte Academy Training Centre, 30-9-93 (This interview was undertaken for the purpose of comparing the Forte Academy to the Frenco Academie)

Personnel and Training Manager

Resident Manager - Hotel Bristol (Luxury hotel which is a joint venture between Forte and the Polish government with Forte retaining control), 24-2-94

Le Meridien (When interviews were undertaken the company was owned by Air France, and was subsequently acquired by Forte. The reason for going to visit this hotel was the fact that they sold themselves on the basis of their 'Frenchness')

Director of Human Resources

Food and Beverage Director

Front of House Manager - Piccadilly, 22 - 3- 94

Holiday Inn

General Manager (Franchise with Holiday Inn and Orbis with Orbis retaining control),
22-2-94

Jan III Sobieski (Joint venture between independent Polish company and ILBAU an Austrian construction company)

Deputy General Manager, 23 - 2- 94

Director of Human Resources (Previously worked for Americo), interview date unknown but sometime in 1993 when he was visiting the University of Central Lancashire for a course run for Polish Managers.

**APPENDIX 4. INITIAL LETTER SENT TO SWEDCO
STAR UNIT IN VIENNA**

Date: 1 December 1992

Mr.....
General Manager
[Swedco Star] Hotel
1024 Vienna
Austria

Dear Mr.....

As part of a wider project concerning the patterns of work organisation across national boundaries, Lancashire Business School is conducting research on the international hospitality industry. Based within the Business School, the Department of Organisation Studies has responsibility for degree courses in hospitality management, tourism and leisure. These programmes have already established positive links with the hospitality industry which we are keen to extend.

We are seeking access to a number of [Swedco] hotels in Austria, Great Britain and Sweden, in order that we may conduct a small number of interviews with management personnel (we have also written to your corporate headquarters to this effect). One of the hotels which we hope to be granted access to is the Vienna [Swedco Star].

The reason for writing to you is to ask whether I could have a preliminary discussion with you and/or fellow members of your management team during a visit to Vienna from 10-14 December. I realise that this is short notice, but a research trip to Vienna for other purposes has had to be arranged within an equally short time scale.

I and my colleagues are working collaboratively with Dr Jorg Flecker at the *Forschungs Und Beratungsstelle Arbeitswelt* in Vienna and you can either contact me directly or alternatively Dr Flecker to let me know your response or equally to find out any further information about the project.

Yours sincerely

Dennis Nickson
Research Assistant
Centre for Research on Employment and Work (CREW)

APPENDIX 5. EXAMPLES OF INTERVIEW SCHEDULES

AMERICO

Questions for [Americo] Warsaw

Personal history within the company

Have long have you worked for the company?

Have you worked in any other hotels?

Have you come to your present position via qualifications or craft route?

History of site

[Americo] was the **first** western chain to go beyond the Iron Curtain in a joint venture, what sort of problems and issues arise from such a step? **Prompt:** Most commentators seem to describe [Americo] as the benchmark which others should be judged by.

What have been the dis/advantages of being in a joint venture with LOT and Ilbau?

Have they been disappointed with the drop in occupancy rates from high 90s to 50/60%? Is this a continuing problem?

Management styles

Is the management style 'American' or [Americo] or are the two conflated?

What does [Americo] Management Skills involve?

Have they ever met or had any contact with Mr [Americo] or anyone from the [Americo] family?

What sort of problems has there been in the mix of [Americo] management styles and any recognisable 'Polish' characteristics in the hotel?

Have they found the idea of a 'clean slate' and starting with completely new people to be true? **Prompt:** Idea of advertising jobs under the maxim 'No hotel experience required'.

Relationship with corporate headquarters

How much autonomy does the hotel enjoy? **Prompt:** Issues such as financial reporting mechanisms; elements of culture; relationship to management styles; number of expatriates, etc.

Have they heard of any of the work done with **STEPHEN RHINESMITH**?

Do they believe that [Americo] is attempting to become a 'global company'? **Prompt:** The vision statement talks about the company being a 'global organisation'. How does this affect their management style?

Issues of employment, skills and training

Do they have a HR director?

How many people work in the hotel?

Do they pay the going rate for Warsaw? If not what is the difference? **Prompt:** Possible paradox of hotel company been seen as a 'good' employer. This last point can also be developed with things like the level of training, etc.

Is there a recognisable core and periphery?

Recruitment policies for different departments?

Quality and service

Have they successfully managed to instil an 'acceptable' service culture? **Prompt:** Difficulties of service being seen as servitude. If so, how have they done this?

Are guests expecting a 'western' experience or an [Americo] hotel with some sense of 'Polishness'?

Is their customer base exclusively western businessmen or is there any part of the hotel which is used by the local populace?

Employee/industrial relations

Do they recognise trade unions?

Has it been particularly difficult for American managers to get used to working within what is likely to be a more restrictive institutional framework?

SWEDCO

Questions for [Swedco] and [Swedco Star] Managers in Sweden

Personal history in [Swedco]

How long have you worked for [Swedco]?

Have you ever attended the [Swedco] Business School? If so, was it useful and in what ways?

Have you ever worked for any other hotel chain?

Have you worked abroad, with [Swedco] or any other chain?

Management Style

Have you felt that you have developed a [Swedco] management style? If so, what was it?

What does the [Swedco] Way mean to you? **Prompt:** Distinction between the hardware and the software.

What do your staff think of the [Swedco] Way?

Is it possible to create a Swedish/Scandinavian approach? **Prompt:** Issues of attempting to transfer corporate culture.

Is it more important in [Stars] as opposed to the ordinary [Swedco's]?

[Swedco] Business School

How do 'foreign' managers get the right sort of training for 'Swedishness'?

What are the problems of this?

How has it been useful?

Have individual managers got to attend the SBS?

Employment, skills and training issues

[Swedco] aim to be the most sought after employer, does this pose any difficulties when they are recruiting?

What do they look for in recruiting staff?

Are they trying to multi-skill staff? If so, how do they approach this?

Do they consider themselves as paying 'good' wages? **Prompt:** Context of the UK, where pay in the hospitality industry is considered very poor.

Employee/Industrial Relations

How does the Swedish model affect their whole approach to IR issues? **Prompt:** Major difference with the UK in relation to a more consensual view of TU's.

If they recognise TU's, follow up questions related to CB, e.g. how much influence do the TU's have? Is influence apparent in relation to substantive and procedural issues? How do managers respond to the TU influence in relation to issues engendered by CB.

FRENCO

Questions for UK Managing Director of [Mid-Brand] Brand

Operational Issues

The [Mid-Brand] chain was created in 1967, when did it first come to the UK?

Issues of management contract and franchise arrangements for [Mid-Brand] in the UK.

How do they maintain control of franchisees?

Is there anything in the physical product which could be considered 'French'?

What sort of customer is the [Mid-Brand] brand trying to attract?

Autonomy and Authority

How much autonomy do general managers enjoy from him?

How much contact is there between him and his general managers?

What sort of things are reported?

Are most of his general managers British?

Importance of branding. **Prompt:** Some say it takes away the opportunity to be innovative and to use you initiative.

Do the hotels have conference facilities?

What is the attraction of staff to [Mid-Brand]?

How do they attempt to maintain a quality service?

Do they have French or international staff?

Relationship with Headquarters

How much contact do they have with headquarters?

Has he attended the Academie? Is so, was it useful? What did he feel he gained from attending the Academie?

Did he play Planet [Frenco]?

Notions of de-centralisation and the idea of the **INNER CIRCLE**, has he been involved in such activity, and how useful is it in preparing for future strategies?

What in his view is the [Frenco] corporate culture which he is overseeing? How much of it does he see as being 'typically French'? How much does he see as being more international?

What did he think of the 'little blue book' on ethics and management?

Employee/Industrial Relations

Do they recognise TU's in the UK?

If yes, a number of follow up questions may be pursued in terms of collective bargaining, coverage, attitudes, etc.

If no, how does the situation in the UK compared to other environments he has managed in, especially in areas where they had to work with TU's as part of the prevailing institutional framework.

APPENDIX 6. MATRIX FOR ANALYSING INITIAL TRANCHE OF INTERVIEWS

Initial attempts to categorise the data gleaned from the first tranche of interviews was reliant on a matrix. This took the form of attempting to analyse the first 10 interviews conducted within Swedco. In order to get a clear sense of both the company and some of the issues engendered by the interviews undertaken within the company the matrix utilised a number of headings. These were as follows:

- Details of the Hotel
- Name and Position of the Interviewee
- Nationality of the Interviewee
- Career Patterns
- Scandinavian/Swedish Themes, e.g. What denotes Swedishness? Role of the Swedco Way, etc.
- Employment, Skills and Training Issues, e.g. Flexibility, Labour Markets, Remuneration and Gender.
- Other Issues, e.g. Customer Satisfaction, Relationship to HQ, Location and so on.

This initial attempt to offer some kind of framework in which to categorise and order the data is undoubtedly crude and relatively unsophisticated, in terms of its analytical utility. Nonetheless, this first attempt did allow for the discernment of several key themes, which were to form the basis for much of the discussion contained in the thesis.