

A Case Study on the Business Performance Management of Hilton Hotels Corp

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Abstract

The purpose of this article is to provide organizations with an understanding about business performance management (BPM) and its potential value in China hotel industry, the paper make a study this objective in the following parts. In order to research on the business performance management is the transnational corporations in the process of the international development. Firstly, this report introduces transnational corporations, and performance management of multinational corporations. Secondly, it forms in different periods and their characteristics in business, aiming to explore and analyze the findings and examines the impacts of the performance management on management practices and employees preferred management style in Hilton Hotels Corp. Finally, the author gives some advices on an appropriate performance management style of Hotels Corp in China, on the basis of the findings of the survey. Meanwhile, it also points out the limitations of this research.

Keywords: Business Performance Management (BPM), Hilton Hotels Corp, Strategy management plan, China hotel industry, Corporate cultures

1. Introduction

The hotel industry is the important industry in China, because it has important part on not only people's life but also national economy. Since the end of 20th century, with the development of technology, the service market of hotel is developed rapidly. Hilton, which has all operations, is the provider of hotel service developed under this advantaged circumstance. Facing the capacious market of China and potential tremendous needs of data, there will be a great opportunity for the whole hotel industry, not mention to Hilton. On the market of hotels industry in China, there are many famous hotels. Although under the situation of serious competition, Hilton has not won the satisfactory market share.

Nowadays the economy globalization has become a part of the necessary requirement for enterprises to sustain a successful business operating in a competitive environment. Accordingly, global expansion of hotel operations has increasingly become a significant strategic development for big hotel corporations. As for Hilton hotel, a series of market development strategies including entering new market segments and spreading into new geographical areas are made, to capture the potential market and take the leading role in the market competition. With the rapid development of communication technology and international commodities, the acceleration of funding, technology

and personnel are continuous flow. The process of economic globalization will be further accelerated. The world economy has entered a new period of the major development and opening up, great competition, great adjustment, the integration and coordination. The multinational companies will continue to emerge, and international competition is becoming increasingly fierce. In this new historical period, talent competition gradually replace the tradition of competitive technologies and products, thus competition has become the focus of multinational companies. How to train and develop personnel and retaining talented people, and to enhance their work performance, further to enhance company performance, has become a daunting task that Hotels Corp has to face.

However, the increased globalization of hotel development has created a great challenge for the hotel corporations to recruit technically competent and culturally sensitive managers for managing the operations of overseas properties. Expatriates, employees working in a foreign location, find that culture shock can affect their general ability to function well (Hofstede, Schoeider and Bariux, 1991). A failure in an overseas posting will not only damage the manager's sense of self-respect and his/her job, but also cost the company's money (Spangengerg, 1992). Hence, cultural understanding and adaptability have been identified as contributing to better expatriation. After the economic reform, many international hotel chains came to China and found the local hotel personnel were not qualified enough to occupy senior management positions in their Chinese properties. So with the increase of foreign investment, a large amount of expatriate managers have been assigned to China and are still at high posts in the joint-venture corporations.

2. The business performance management of Hilton Hotels Corp

Business Performance Management (BPM) is one of the significant topics in industry today (Miranda, 2004). The objectives and indicators of BPM are then associated with operational metrics and linked to performance incentives, which lead to effective strategy execution throughout the organization. BPM involves an array of integrated operational and analytical processes that accomplish two sequential tasks. First, it facilitates the creation of strategic goals by stipulating specific objectives and key performance indicators that are meaningful to the organization. Second, it supports the subsequent management of the performance to those goals (Iervolino 2004). The BPM is without best model, while a perfect performance management program may be adapted to a company, another company may not necessarily produce good results. There is a huge difference among International Business Performance Management. The multinational companies choose more complicated and important model in making performance management (Hartlen, 2004). BPM is a consolidation of concepts that companies have been practicing for some time, such as data warehousing, business intelligence, and total quality management. In an effort to provide clarity to the industry, a BPM standards group was established in 2003. They define BPM as a set of integrated, closed-loop management and analytic processes, supported by technologies that address financial and operational activities. BPM helps businesses define strategic goals and measure and manage performance against those goals (Whiting 2004).

An in-depth interview method based on the BPM theory was used to Hilton Corp in China. It hopes that through the in-depth analysis and application of the theory of transnational corporations of the outstanding performance management mode of operation of transnational corporations' in China for performance management problems. In the analysis of transnational corporations the thesis seeks the effective implementation of performance management and promoting transnational corporations and raising the level of performance management. For the operation of transnational companies in China, China's development and expansion of multinational corporations, international companies will contribute to the depth of human resources development.

3. Background study of Hilton

Today, there are only nine companies whose room counts exceed the 100,000 barrier. Yet, in 2008, those nine giants now control 2.98 million of the world's hotel rooms, while the 10 biggest companies controlled a smaller amount, 2.84 million rooms in 2005. As a famous international hotel corporation, Hilton Hotels Corp. has bough tone of the largest hotel franchisors in the world and saw its room count soar 241%, from 85,000 to 290,000. The ranking of Hilton Hotels Corp. in the list of top300 Hotel Corporation shifted from 11th in 2005 to 3rd in 2008. Through two brand acquisitions and aggressive organic growth, Hilton Corp. has increased its rooms' inventory by 21.6%, crossing over the 300,000 mark for the first time. Hinton international operates five hotels in China (2405 guest rooms). They are Hilton Beijing, Hilton Chongqing, Hilton Dalian, Hilton Nanjing, and Hilton Shanghai. (Hilton worldwide, 2010)

Hilton Hotels Corporation is a hotel/ lodging company that is spread world wide. Hilton strives to maximize productivity and increase shareholder's value. Hilton is in the hotel/ casino industry. Being at the top of the industry, Hilton strives to improve upon their sales, stock price and overall effectiveness. This strategy capstone describes in great detail the Industry Analysis, Company Analysis and suggestions for Hilton Hotels. Hilton has proved to be the

fastest growing company in the hotel/ lodging industry. They have overall out performed their main competitors. Hilton is just behind choice hotels in their market capitalization compound annual by one percent. Hilton has grown 22 percent compounded annually over four years. Marriott is behind Hilton with a 15 percent CAGR. Market capitalization is a good way to show the growth of a company because it incorporates the stock price as well as the amount of shares outstanding. With excellent management and quality staff Hilton will continue to be at the top of the industry (Tourism Report, 2010).

Higher maturity of the markets in the United States and Hilton hotel experienced multinationals long-term development, and formed a kind of the sound human resource management. Under the impact of traditional culture and management style, they are only the result of heavy work. However, with the development of management theory, the assumption that human nature change, the enterprise's human resources management has entered a period of rapid development, especially in human resources management pattern produced the earliest and the most completed development in the United States, which has produced many revolutionary management thinking. In the performance management it has also made many innovations, the emergence of a new performance management model and management tools, such as performance evaluation of the KP model, BSC balanced scorecard management mode, 360 performance evaluation model (Edwards and Ewen, 2004), and the rise of the promotion in the level of performance management.

In the performance management of the Hilton, it has two distinct characteristics, namely strict system and matures methods of operation. The hotels and business performance management system, classification and meticulous, for example, the basis of performance management-posts statement, as it is defined in the positions of power and responsibility. It is not only a detailed description of the content of posts, but also defines the powers and the corresponding positions, which should bear the responsibility of making post brochures enterprise performance management as an effective basis for such enterprises strict system and it will be detailed to guide enterprise performance management. The mature methods of operation will make easier to achieve good performance management effectiveness and the enterprise performance objectives. While the mature extension is under the guidance of enterprise management, the staffs of the hotel will be able to better target segment to the various organizations, departments and posts. In the performance of this assessment, it will be easier to quantify performance indicators to assess performance with more science and more viable (Murphy and Clevelen, 1991).

4. Hilton's performance management model

As for the management of personnel, as well as the evaluation of soft factors, it has been the difficulty of performance management. Hilton hotel will start gave management personnel, leading officers to establish a code of conduct, code of conduct is open to the public. Based on these management staff code of conduct, control their behavior, we can clearly understand and know what areas we have done well, there is a gap between what. Staffs can also act in accordance with criteria to evaluate the management effectiveness of management staff. As for the staff of the corporate culture identity, values, and so the examination of soft factors, Hilton's approach is to work in advance, the first to be informed of the Hilton values, and values and then there will be relevant training, the staff of the values sentiment will continue to be strengthened, and then use occurred in the company's staff to explain the facts of the values in every assessment is also a conclusion must be proved by facts, and never figment of the imagination, make a reasonable assessment, scientific and feasible . As for the Hilton hotel among the enterprise performance management models, it has the typical representation of United States performance management. Hilton's performance appraisal system is the most important management classic representative from generic performance management system, performance management; the implementation process can be seen from the world's top multinational corporation's performance excellence households in the show. Hilton's performance management is a systematic project (inspectors, performance assessment, performance management system design from six yards of management, career development, and other supporting staffs of the perfect system, the letter to sleep, the timely feedback) (Travel courier, 2010).

Hilton also stresses that with the company's values, management and the active participation of the general staff, such as the good performance of the operating environment create, which are included in the company's performance management system of the Hilton hotel-performance goals and is zoned for the development of performance management is the foundation of the tomb. The subject must be developed in line with the principle that is clear, measurable, achievable and realistic. The personnel department has agreed to maintain the basis of the repeated communication with the staff weighed on the development of performance plans implemented on the basis of performance assessment. Hilton's performance assessment and evaluation process into the year-end appraisal. In the performance appraisal process and the timely implementation of the scheme's performance counseling, the staff performance should be a good chance on sure for the poor performance of staff, a timely reminder to help correct to facilitate the achievement of performance targets, but also for the year-end appraisal accumulated data. The year-end

appraisal of the corporate performance assessment links most important aspect of their assessment, mainly through self-identification, based on the two evaluation processes to implement.

The first is the self-identification of the staffs, mainly through personal qualifications fill out records, personal records and the completion of the year to a record completed, followed by the manager of evaluation, staff personal information manager on the basis of self-evaluation, the staff filled out a record of performance appraisal, managers must complete the identification of communication with staff, the unanimous opinion. If managers and employees have different views, we must have sufficient reasons to convince the other side. If the evaluation of the staff of the manager have different views, employees can communicate with the manager, but we must use facts to speak; if employees can convince managers, managers can amend their previous evaluations. If the two sides can not be reached, it will be to deal with a higher manager. In the mutual communication and exchange, we must use facts to prove their point of view, and we can not imagine any reason. Assessment of the application of the results will also affect the implementation of corporate performance results. The Hilton's assessment results not only in staff salaries and related performance results will be used in staff training, promotion, and changing the guard, and other fields, with staff career development are closely linked. The Hilton's performance results of the processing management are divided into four types: Selection, Training and developing the potential staff, Resignation, Promotion and rewards.

5. Suggestions

Business Performance management of international companies are involved in research on the management, psychology, organizational behavior, statistics, the international human resources development and management, and other disciplines of knowledge. Thus, it also has strong practice and the researchers need a deeper theoretical knowledge and in-depth understanding of performance management practice in the multinational companies. The author initially covers the areas of research in the above topics. In the future study and work in practice, the author will continue to make efforts to explore, more in-depth study relevant aspects of the theory, and focus on practical experiences related to the accumulation of transnational corporations to improve the performance management study. In near future, more foreign capital will be invested to china service market permitted. Therefore, Hilton will have to face the fierce competition. At this critical time, facing the opportunity and threat, how to solve the problems existed in management and which strategy taken by Hilton, which can be used to build up its corn competition and enlarge its market share, will determine its fate. As for Hilton's assets and liabilities rate, there is space to use increasing equity multiplication to obtain the interest of tax shelters, but its managers should weigh the pros and cons between the benefits and the financial risk to make reasonable decisions.

After entering the 21st century, the globalization of the world economy and the knowledge economy are the two major characteristics of the rapidly growing wave in the world economy, the cross-border business has become all the only way for Hilton to develop. Multinational human resources management staffs have begun to focus on the development of the basis of this sign for the development of enterprises. Therefore, in order to promote staff, improve organizational performance and achieve common development, the enterprises and employees pay attention to the performance management in the new human resources management issues. The rapid development of performance management produced in the 1980s based on the theory and practice abroad, has achieved considerable results. However, in China, research on performance management start in the late 20th century until the late 1990s began to be heard. As the theory in the Western culture-specific management, performance management, because of different values, leadership model, and personal needs vary, and performance management of multinational companies face a complex environment, the company has become a human resources management of a problem. The managers of transnational corporation's performance management give full consideration to multinational corporation's special environmental factors.

5.1 strategy management plan

Through the survey of factors related to multinational companies have human resources management and performance management status of first-hand information, and profoundly analyze the outstanding performance management mode of operation of transnational corporations, to identify the problems, identify gaps and, based on this, carefully draw performance management of the justifications. The multinational companies are seeking an effective performance management modes and roads, with a view to addressing the practice of transnational corporations' performance management issues and make a breakthrough contribution. International business companies operating in the face of a huge difference in the global market, its performance management system is large and complex system, a scientific and reasonable, appropriate and effective performance management system, not once on the 1st to establish, much less an offer and on, it is a continuous improvement, and gradually perfect the gradual process. This is because: the level of management differences: transnational companies to enter the

operational phase does not mean that the management level of maturity, many significant achievements of the transnational corporations in human resources management, particularly in the area of performance management at the initial stage, the company's overall. The management level has yet to be improved, and this requires the management in accordance with the actual establishment of an appropriate level of performance management model to meet the needs of the development company. Therefore, enterprises should be based on reality of transnational corporations and give full consideration to business characteristics of the system in the enterprise performance. Design from the appropriate science to achieve sexual point of view, full consideration of industry, enterprise scale, development strategies, the quality of personnel, and other factors, the establishment of enterprise development for the performance management system.

5.2 Business performance management

Performance management is the organization for the achievement of organizational development strategy and objectives, using the scientific method, or groups of staff behaviors, attitude and performance level and the overall quality of the overall management, and fully mobilizes their enthusiasm, initiative and creativity of the activities Process. In short, performance management is the use of a corporate management style motivates staff to achieve personal goals, including the staff of the organization's objectives and struggle process. Incentive mechanism of selection and application of direct bearing on the effectiveness of organizational performance management, organizational development strategies can further the achievement of far-reaching implications. Based on national human resources market, the establishment of an effective performance incentive mechanism has become a performance management and gives full play the effectiveness of the necessary conditions.

Based on staff salaries implementation of performance incentives is the most fundamental one of the performance incentives. Incentive and staff Performance-related, in accordance with the performance of the corresponding level of incentive levels, and thoroughly change the traditional pay system design concepts, motivate staff incentive to work, to generate a good level of performance. Offer competitive salaries and benefits, this is the most basic incentives of transnational corporations, high-paying, high welfare incentives in the multinational companies can be found everywhere. Environment for transnational corporations is vital to the impact of factors on the performance management. Multinational companies facing the first performance management is the operating environment of the host country, the country's political, economic, cultural, customs and so the company will have an impact on performance management. Relatively speaking, a host of transnational corporations on the environment is familiar, easy to grasp the. Contacting with the customer, partners and suppliers are also localized, and the international implementation of the above issue will be involved in the strategy of multinational corporations. The transnational corporations' performance management should be placed in the environment and international environmental organizations. Under the consideration, the establishment of an appropriate performance management system and improve the environmental management system adaptability and effectiveness.

Furthermore, some transnational companies through overtime or other incentives for those who need to pay more staff to provide the opportunity to raise salaries. Performance-based pay incentive that is encouraging staff to enhance performance of transnational corporations has made the expected results. *5.3 corporate cultures*

Ecological performance management for Hilton hotel is essential to the influencing factors. The hotel performance management is the first face the host operating environment, and the country's political, economic, cultural, customs, and so the Hilton hotel will have an impact on performance management. Relatively speaking, a host of transnational corporations on the environment is familiar, easy to grasp. The performance management company it is relatively difficult part of the overseas subsidiaries faced by the market, the staff, according to the political, economic and legal environment is localized. Contacts among the customers, partners and suppliers are localized, and also will be involved in the strategy of multinational corporations. It should be placed in performance management of transnational corporations and international environment organizations under consideration. The establishment of an appropriate performance management system and improve the environmental management system adaptability and effectiveness.

The global companies enhance the success of the development by operating the staff training, share and pride. The transnational business often overlooked subsidiary company of the host countries. The huge success of the performance management system to copy subsidiary of the country's management of the environment in the operation, often occur because of cultural differences. The different values lead to ineffective performance management mechanism, thereby may be leading to overseas subsidiaries performance management failure. The phenomenon overseas subsidiaries of transnational corporations in key management personnel has dispatched by the headquarters staff of the enterprise rather outstanding. For example, lifetime employment of Japanese employees is a great honor, employees will have a greater incentive, and "lifetime employment" to improve the performance level

of American workers is minimal.

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