

# HRM and multi-site hospitality operations

In numerical and structural terms, the hospitality industry remains to this day one of predominantly independently owned enterprises, providing a particular locality with a range of appropriate food, beverage and accommodation services (Lee-Ross, 1999). These businesses are often small (Lucas, 2004), and may be considered family businesses or lifestyle choices regarding entrepreneurship. Many of these businesses stay the same size, whilst others grow and develop, the firm replicating the product or service in other locations further and further afield (Goss-Turner and Jones, 2000). In the past half-century a feature of the national and international industry has been the development of large hospitality chains, many emanating from US post-war prosperity and expansion, with brand extension strategies placing high in public consciousness company names such as Hilton, Holiday Inn and Pizza Hut. These large, multi-site, often multi-national corporations have unparalleled profile, and utilize their size and influence in areas such as economies of scale, quality assurance, customer recognition and standardization (Ritchie and Riley, 2004).

The expansion of service organizations like hospitality businesses has inevitable consequences for the organizational structure, reporting relationships and managerial competencies. Many such organizations adapted the principles of mass production and those of retailing services, consistent with the seminal work of Levitt (1972) and Schmenner (1986). This approach involves meticulous control and management of the supply chain from the sourcing of products, central purchasing and distribution to the operational elements of standardized menus, service delivery concept and system, pricing and uniforms. This chapter explores the employee development issues and challenges facing multi-site hospitality organizations as they continue to expand both nationally and internationally in a sector constantly subjected to the merger and takeover scenario of consolidation.

Much of the most pertinent literature on the subject of multi-site management and the service sector was developed by US researchers and writers. In view of the point raised above about the origin of many such multi-unit organizations, this is not surprising. Of notable relevance is the work of Olsen, Ching-Yick Tse and West (1992), which devotes considerable attention to the development of multi-unit hospitality organizations, including a review of the HRM implications. Their definition of a multi-unit (multi-site) firm is a useful starting point: 'an organisation that competes in the industry with more than one unit of like concept or theme'. Olsen, Ching-Yick Tse and West point to the problems of managing a dispersed operation across many geographical boundaries, and the subsequent challenges associated with quality control, in particular the supervision of the skills and attitudes of service delivery employees. They also raise the issue of the span of control, i.e. the number of unit managers reporting directly to a multi-site manager, their research indicating that this can vary between two and fifteen. There is also reference to the typical hierarchical structure and the position of the multi-unit manager within that structure. Literature on this subject focuses on the first-line area or regional management level, positioned between single-unit management and senior executive responsibility (see Goss-Turner, 1999: 39).

In reviewing the US literature, factors which emerge as significant include the link between HRM development in multi-unit firms and the organizational life cycle considerations of introduction, growth, maturity and decline, a link well established by Sasser, Olsen and Wycoff (1978), when extending the concept of the product life cycle into a service firm life cycle. The implication is that HRM will develop, either reactively or in alignment with business strategy and growth (Holbeche, 2001) in the areas of recruitment, selection, training and development, and in compensation and benefits. This concept gains insight when a new start business and its ensuing life cycle are considered (Tyson, 1995). The founding entrepreneur will be a dynamic, creative force behind the initial business, and will ensure that the other personnel involved are talented and enthusiastic, perhaps like-minded. The approach to HRM is likely to be ad hoc and without structure. Growth of the firm, including the opening of more identical concepts elsewhere, is associated with a need to develop more systematic HR approaches, and ultimately consideration of human resource planning, management development and succession planning. In the author's own research this proposition has been largely supported (Goss-Turner, 2002), with personnel documentation and techniques such as organization charts, job descriptions and appraisal systems often a later development as the multi-site firm develops.

Literature from the UK has focused on strategic and operational developments and service development issues connected with multi-site management, and there have been a number of studies covering the operational systems aspects of the contemporary hospitality industry, and about what hospitality managers actually do at unit level (Lockwood and Guerrier, 1990). The impact of empowerment has also been addressed in connection with multi-site firms, analysing the knock-on effects of the delayering of hospitality organization structures and therefore the nature of the roles of the different layers of management, including the impact on the multi-unit manager position. Lashley (1997) has contributed to the understanding of the concept of empowerment within a service industry context, relating particularly to research within the Harvester Restaurants chain. In Harvester, the empowerment of service employees via more self-managing work groups and the redistribution of responsibilities led to a delayering of two managerial levels. The removal of a layer above the regional/area manager and directly below the managing director increased the accountability of the regional management positions. More recently, Ritchie and Riley (2004) further stress the importance of the human capital inherent within the multi-unit manager role and the crucial aspect of organizational knowledge within a multi-unit structure, including a sense of the power of the hierarchy.

The implications of empowerment initiatives for the role of middle management is also considered by Simons (1995) who points to the need for robust control systems in order to avoid the danger of control failures due to a more remote management style, as in the situation often observed in delayered, decentralized organizations where the multi-site manager is made responsible for a span of control of 20 units when previously he or she had only 12 direct reporting unit managers. His framework, directly related here to the multi-unit manager role and the multi-site organization, consists of four dimensions. The first dimension concerns the need for diagnostic control systems, exemplified by the multi-unit management responsibility for checking that goals and targets have been achieved effectively and efficiently. The Second dimension is the dimension of beliefs systems or core values, such as the strong multi-unit manager influence in disseminating and re-enforcing corporate culture or preferred management style. The third dimension is boundary systems, providing clear parameters of the job and, finally, interactive control systems like regular face-to-face meetings or on-site business reviews to assess performance, issues and future plans and actions. The perspectives put forward by both Lashley and Simons impact on the topic of this chapter by assisting in the understanding of the role of the multi-unit manager within the wider managerial hierarchy, particularly focusing on the inherent tensions between the actual job and the range of tasks required, and as Ritchie and Riley (2004) vividly describe the resultant 'messiness' of the role.

The multi-site or multi-unit manager role is the most influential interface between corporate strategic management and the operational outlets in which the service encounter takes place. This manager, whilst responsible for unit managers across a particular region or brand, is only rarely present at the operation, is remote and yet a line manager of the unit manager, and direct control is only occasionally and briefly possible (Jones, 1999). Similarly the multi-unit managers themselves may well be located far from their peers and superiors. Coordination and collaboration is therefore relatively difficult. Goss-Turner and Jones (2000)

conclude from their extensive research within multi-unit hospitality firms that there are four key aspects of the first-line multi-unit management level: job scope, organizational congruence, geographic density and unit conformity. Within job scope, i.e. the range of tasks and responsibilities, there was great variance, polarized between those with a very tightly defined set of tasks geared towards inspection and a broader concept within which the manager would have accountability for development of the business and innovation. International and mature restaurant chains with global brand significance tended towards the rigorous control aspect, in standardizing the offering and achieving high margins through control. Firms in earlier growth stages and less international were characterized by a broader range of duties. Interestingly, those with a strongly branded set of products, such as the major pubs groups, although national rather than international, also followed a pattern of evermore narrowly defined job scope.

For international firms, organizational congruence was important, i.e. the extent to which all managerial levels share a common vision and purpose. In global franchised hotel brands there were clear and formal systems of developing management and employees in the corporate culture and values of service inherent in the base company's strategic underpinning. Such international firms are also attempting a congruence of systems (such as information technology, appraisal and management development) and culture (such as values, beliefs and service). Geographic density, i.e. the number of units in an area or region relative to the size of the area, is again a key difference between large, mature multi-nationals and the developing, less mature nationals. For example, international hotel firms have a low relative density, requiring an even more mobile and experienced international manager to take on the area role. As for unit conformity, i.e. the extent to which units within an area are identical or not, there was a definite trend towards 'streaming' by brand rather than by geography due to the effectiveness and efficiency gains to be achieved from a regional manager always reviewing identical units.

In a study of further HRM implications of these characteristics of multi-site firms, Goss-Turner (1999) concludes that the multi-unit manager role is predominantly an implementer of policy, not a creator of policy. This is largely a function of the role being so clearly placed between the strategy-makers in the boardrooms and the operational front-line unit managers. It is also because all the companies in the research had strategic expansion plans, mostly involving international expansion, of their already tightly branded concepts, sometimes within strictly controlled global franchises. As a result such organizational development involving growth, consolidation and brand extension requires the implementation and maintenance of absolute standards. There is therefore a need for inspection, checking and systematic control, and contrary to some people's view of empowerment, the role has not necessarily become more strategic. From an overall HRM perspective, the aspect of the role which appears to give the multi-unit managers themselves the greatest satisfaction is their personal ability to 'make a difference', by motivating unit managers to achieve high performance. Elements of this aspect include also the beneficial outcome of their job in sharing good and bad practice across the area, often trying to combine high levels of brand prescription and company standardization with the need to encourage an equally high level of commitment to the values and philosophy of the company (Walton, 1985).

One hotel company regional manager interviewed during the author's own research study was typical of those managers who saw their job as a combination of the need to implement strategic imperatives with a need to motivate the managers in the units:

The job entails firstly maintaining the brand – we do have an identity and maintaining that identity in terms of our standards in the customer's mind and in their perception. I also want to stretch the managers as much as I can by getting them to achieve, such as the 'Investors in People' in every hotel, giving them objectives, ensuring they are ambitious over their business plans. But of course you can never take your eye off the profit level, and implementing company policy.

In the larger, more complex and mature companies, a move towards more sophisticated human resource practices is evident, in line with the research of Doherty (1998). One national licensed retailer with more than 2000 outlets had carried out extensive analysis of the multi-site manager role and determined a set of competencies, which formed part of a detailed job profile which itself was a composite of job description, principal tasks, generic business targets and a review of key organizational relationships and meetings, both internally and externally. The competencies identified were then utilized in the recruitment and selection, whether via external or internal sources, for training and development, and for performance appraisal, ensuring that such managers were assessed against a range of results and abilities. Specifically, the company highlighted

- developing people
- commitment to results and standards
- business acumen
- objective analysis and decision-making
- planning and organizing
- maximizing business opportunities
- communicating
- influencing.

The wide range and scope of these managerial competencies and the tasks and activities within which the role-holder displays such competencies are in stark contrast to some companies' approach to multi-unit management. Where standardization is paramount, the multi-unit manager role can be a mere checker/inspector role, or if the company culture is dominated by a 'hands-on', almost egalitarian approach, area managers may sometimes be required to cover for absent restaurant managers and unit supervisors. In a typology of the multi-unit manager role, Goss-Turner and Jones (2000) suggest four main approaches. First, there is 'the Archetype' multi-unit management approach; a mature single brand organization, typified by McDonald's, with strongly branded identical units with tightly defined tasks for area managers, highly suited to international expansion strategies. The area manager would have narrow job scope; the firm, a high degree of organizational congruence with high geographic density so that area managers can visit regularly and control closely. The implications for human

resource management are that most multi-unit managers of this type will have had in-depth unit level experience and be experts on the standards and procedures of the operation. They will be, in the main, inspectors of standards, ensuring consistency and replication of the product and service delivery system.

Secondly, there is 'The Multi-Brand Manager', with more than one concept, tightly branded, applying identical managerial systems in each brand. While the job scope is still narrow, there is more flexibility and variety as more concepts are involved in mature companies. High congruence is difficult to attain, and geographic density remains high as the firm's structure is predominantly region- or area-based on a critical mass of outlets rather than on streamed brands. This approach is difficult to position in the international marketplace. If selecting a manager for this role, there would be a need for an individual less deeply immersed in the detail of one particular brand, more an individual capable of understanding the differences and subtleties of the different brands, more general business management skills, as in an appreciation of merchandising and consumer behaviour rather than a concentrated focus on one set of standards or operational tasks.

Thirdly, 'The Business Manager' responsible for more than one brand and working within a more dynamic environment, with more opportunity for creative solutions and actions within broad policy guidelines and goals. This approach can be readily applied to international hotel companies for example. The personnel specification with regard to this role would be much wider in its requirement for managerial competencies. There would be a higher calling for large-scale business strategy skills, highly developed communication skills, possibly multi-cultural experience, and certainly an ability to motivate and direct other senior and experienced managers. A regional manager for an international hotel chain, for example, would be the line manager for perhaps 15 unit general managers who are themselves experienced hotel managers perhaps with international reputations.

Finally, there is 'The Entrepreneur' with each area manager responsible for one concept, tightly branded, but with an autonomy to develop the business, to be innovative where appropriate, and always within the cultural norms of the firm. Organizational congruence is driven by adherence to values and cultural issues, and job scope is relatively broad within a dynamic environment which eschews a global system of control. This approach will tend to be evident within fairly recently founded companies in the early stages of multi-site growth and expansion. The culture and drive behind the organization will still be linked to the personality and concept of the founder. The entrepreneurial area managers will have probably grown up within the company from the start, will be trusted acolytes of the founder and will be trusted implicitly to do the right thing. There will be no need for the paraphernalia of sophisticated HRM systems, and appraisal will be at most an informal if often extremely frank exchange of views.

The latitude of regional middle management is also determined by the size and stage of development of the firm's life cycle. It has been found that the larger, more mature companies display a control-oriented, structured approach, while smaller, more youthful, more entrepreneurial firms tend towards a strategy which emphasizes mission, values and culture. Organizational development in recent years is also directly affecting the role, as head office support has in many companies been diminished in downsized and delayed organizations. In the

short term this may mean that the multi-unit managers need a broader range of management skills, and indeed it was found in the field research that such managers are much more involved with HRM issues than they used to be. Such managers will need more training and development in matters such as recruitment, selection and performance appraisal. Recruitment plans may be affected, with some hospitality and tourism firms perhaps having to recruit more from outside their firm, even the industry. There is evidence from the licensed trade that there are successful multi-unit managers joining the major pubs groups from high-street retailers.

One aspect that will need to be the focus of future research pertains to the longer-term career development and succession planning aspects of multi-site managers. Whilst there may be many more opportunities to become an area manager in the large branded chains, the decentralization of many such companies is leading to smaller head office support functions. This has a direct impact on future career development prospects, as many area managers in the past have aspired to more specialist, centrally-based roles. It is possible that such managers may have to stay in post longer than previously was the case, due to the flatter structure of such organizations. This clearly has implications for HRM, succession planning and indeed compensation and benefits if motivation is to be maintained.

With regard to training and development, the author's research has uncovered two significant challenges at crucial positions within the managerial succession. First, it is imperative that there is more systematic training of unit managers identified as possessing the potential for multi-unit management appointments, particularly in those competencies such as HRM, marketing and financial management which will be needed to a much greater extent in the multi-site role. Add to this the motivational ability required across a large number of units and unit managers in a geographically spread area, and it is clear that the skills of being a top-class unit manager are very different from those required in the area role. Yet many area managers in hospitality companies were identified and promoted because of being highly successful unit managers who experienced little developmental bridging to the new role with its very different set of required competencies. Secondly, it must be accepted in most firms that the multi-unit role is one of implementation of standards, and that positions higher up the organization will require additional and enhanced skills in the area of strategic formulation and corporate level decision-making. Some companies in the author's research sample were tackling this issue by introducing executive development programmes for high-potential managers, often utilizing universities and business schools as partners in such development activities. Succession plans must influence management development programmes to ensure that this gap in the training cycle is bridged.

This chapter has reviewed some of the HRM implications of an ongoing phenomenon, namely the continuing development of larger, multi-site firms within an evermore international and branded hospitality industry. It has been established that this has increased the need for, and significance of, a position of multi-site management, immediately above the front-line operations management and between operations and senior/strategic executive levels. As such it has been found to be a very important career development position for many

unit managers, but essentially an implementer of strategy rather than a creator. Further, it has been discussed that the role in many strongly branded chains has the potential to be a largely controlling and checking role, with the proviso that there is still an opportunity for any area or regional manager to exercise their specific skills as a motivator and a coach to unit management. There is still the need to encourage and energize and to gain a high level of commitment to the values and beliefs of the company.

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## Questions

- 1 Why has the position of multi-site manager become significant within branded hospitality chains?
- 2 What is the relationship between management style and the role of the multi-unit manager?
- 3 What do you understand by job scope, organizational congruence, geographic density and unit conformity?
- 4 What essential requirements would you include in the personnel specification for a multi-site manager within an international hotel chain?
- 5 What selection methods would you adopt when assessing the suitability of applicants for a multi-unit manager role in a fast food chain?