

ASSIGNMENT QUESTION

Scenario – Huntsman Hotels plc

Huntsman Hotels, PLC, owns more than 60 hotels throughout the United Kingdom. Huntsman's hotels are considered budget accommodations; they are functional, clean and reasonably priced. Additional information about UK hotel standards is available at

http://www.qualityintourism.com/content/pdfs/Standards/Budget%20HotelsStandard_INT.pdf.

Most guests stay for one to three nights and are a combination of businessmen during the working week and leisure travellers at weekends and during the holiday seasons. The hotels are typically situated in downtown locations and the city centres are easily accessible by public transport. Tourists are attracted as many of the hotels are in popular visitor destinations where the many local attractions mean that they will not be spending much time in their hotel rooms.

Due to fierce competition in the hotel industry from groups such as Travelodge, Premier Inns and Ibis, **there has been a shortage within the industry of managerial staff leading to difficulties in staffing**. This has impacted on Huntsman particularly badly and restricted the growth plans of the company. In some cases, this has led to bookings being cancelled at short notice due to illness which seems to have become a growing problem for Huntsman, damaging their reputation and causing frustration amongst staff. This has necessitated the use of agency staff on occasion.

talk about
The Managing Director of Huntsman is **Giuseppe Salieri** who also owns 51% of the shares. He is a well-known businessman and entrepreneur with various business interests, having made his sizeable fortune in financial investment. He inherited the company from his father back in 2007 having identified a need for a well-run budget hotel chain to serve the needs of business people in and around London, but, in the light of the subsequent recession, has since expanded the operation to include hotels in the other major cities in the country. He has bold expansion plans and has a reputation as a shrewd individual, taking swift action where he believes there to be any underperformance or laziness. Managing people is not his strength unfortunately, and consequently he has had a high turnover of staff, especially in his senior management team.

Jacques Marechal, their newly appointed Head of HR, has been recruited from arch rival Ibis to help address the problems. He has worked in the UK and on the

continent. He is faced with a formidable task, especially since he is aware that Huntsman has a poor reputation for managing its people, and has already experienced first-hand low morale and problems with workforce planning. He knows he has a short time to identify the key issues and to come up with some solutions before he becomes the next one to be fired. He has particular concerns about their recruitment & selection processes, as there have been two recent tribunal cases where substantial damages were paid out due to discrimination and other irregularities. He also hopes to build in some contingency into the staffing model, so that staff can be re-deployed into different roles when shortages occur.

The organisation has a flat structure with most key decisions being made by Giuseppe himself. Managers tend to be aloof and are viewed as somewhat elite by the other employees, a view reinforced by internal communication driven from the top. It is semi-unionised with many staff being members of the GMB whereas managers are largely not unionised. There have been sporadic industrial disputes with Huntsman in the past although recently relations have been improving.

There is no formalised wage structure and any rises have been made on an 'ad-hoc' basis either because there was a perceived need to reward loyalty or to prevent someone from leaving. There have been accusations of favouritism by some disgruntled employees towards Giuseppe's inner circle, mainly family members who hold several top positions in the company as well owning as the majority of the remaining company shares. Junior staff tend to get blamed if things go wrong and there is a 'them and us' culture.

Giuseppe has four main aims

- To increase the competitive advantage of his organisation in the UK
- To expand into Europe, particularly the EU.
- To develop strategic partnerships with other hotel organisations
- To invite a takeover by a larger group in the next few years as another of his business ventures is in need of an injection of capital, and he sees a need to make his shares attractive to potential investors.

The company recently acquired a small hotel chain headquartered in Marseille. Giuseppe decided that half of the new hotels in France would be retained and rebranded as part of the Huntsman Hotels Group; the other half will be sold. Giuseppe has decided to send some of his existing UK-based managers, mainly family members, to France to lead the changeover of the new hotels and then manage them after they re-open. He knows that he has insufficient managerial staff to cover the new enterprise and needs to recruit more, in order to support Huntsman's strategic objective of growing the organization slowly to make sure that new ventures are well supported and opened on time and on budget.

If this new overseas venture is successful, Huntsman may decide to acquire or partner with other small hotel groups in other European countries. Giuseppe would like to own 150 hotels in the next five years. His 10-year plan is to own 300 hotels across Europe. This is an ambitious target, so it is important that the organization finds an effective formula to operate successfully across the group.

The organization has never owned any hotels outside the UK before, Jacques knows that none of their existing managers speak French fluently. He has only four weeks to rebrand and staff the hotels. The new hotels must be ready to open after that time.

He will be expected to recruit a large number of staff for the new French hotels, because more than 70 percent of the employees from the acquired organization left. Managers and staff will need to be flexible and move between countries if any problems arise.

In their company literature, the organization states that their core values are to:

- Provide excellent levels of customer service to all guests.
- Provide a clean and comfortable environment for guests and staff.
- Recruit and retain excellent staff.
- Support and develop staff so they can reach their full potential.
- Continuously strive to improve all aspects of the business.
- Ensure that all hotel buildings, fixtures and fittings are well-maintained in a proactive manner.

Task

Prepare a report which critically evaluates the HR issues in the company, making recommendations for change. Justify any suggestions that you make, supporting your ideas with relevant theory and examples of best practice from the ~~airline~~ ^{Hotel} industry and other comparable sectors.

Report Requirements

In preparing your report you should address the following:

1. Identify the main HR issues in the case study using relevant theory. 30 marks