Quality service in the international hotel sector

A catalyst for strategic human resource development?

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Abstract *This paper analyses the nature of, and relationship between, a quality service initiative and the concept of strategic human resource development. Hilton International is the case study used for this analysis. The principal finding is that the quality initiative is acting as a catalyst for a strategic approach to human resource development to emerge in the case organisation. However although many of the factors identified with the concept of strategic human resource development are evidenced, it is proposed that the standards set by academics in the field of human resource development may be too aspirational for the hotel sector.*

Introduction

In "the age of service competition" (Grönroos, 1994, p. 5) that is depicted by international hospitality and tourism, the customer reigns supreme. Such is the power of customers that the term "service management" is increasingly used to emphasise management imperatives in this age of service competition and market forces. Grönroos (1994, p. 7) isolates five key characteristics of service management which, notably, include employee development:

(1) It is an *overall management perspective* which should guide decisions in all areas of management;
(2) It is *customer driven* or market driven;
(3) It is a *holistic perspective*, which emphasizes the importance of intraorganisational, cross-functional collaboration;
(4) Managing *quality is an integral part* of service management; and
(5) *Internal development* of the personnel and reinforcement of its commitment to company goals and strategies are strategic prerequisites for success.

The aim of this paper is analyse a service quality initiative in an international hotel company from a strategic human resource development (SHRD) perspective. Integral to this aim is coverage of three related subjects, namely:

(1) the drive for quality service in hospitality and tourism;

(2) key dimensions of SHRD; and

(3) the examination of an international case, the Hilton Group plc.'s hotel operation.

The interest in researching this case organisation is that on initial inspection it appears that Hilton is attempting to take a strategic focus to training and development and could represent good practice in an industry with a poor record of investment in training and development. The purpose of the research is to examine the relationship between a quality service initiative recently introduced to the case organisation and human resource development (HRD) at a strategic level. In investigating the approach taken to training and development, it is considered appropriate by the researchers to analyse this through the use of a conceptual framework of SHRD, particularly as Garavan (1995a) highlights that a drive for quality can act as trigger for organisations adopting a strategic approach to training and development.

In this paper the views of the key players involved with the development and implementation of the initiative, are presented, in order that a strategic, managerial perspective of the initiative could be rendered. This is the initial stage of a longitudinal research project, which is progressing to explore the views of line managers on the initiative and their perceived roles in relation to HRD. After reviewing the literature on service quality and SHRD, Garavan's (1991) nine characteristics are used in conjunction with McCracken and Wallace's (2000a) enhanced version of SHRD to analyse the case study.

Research methods

A case study approach was adopted for the primary work as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence" (Robson, 1999, p. 146). The customer-facing and quality staff dependent nature of the luxury, international hotel industry renders this sector appropriate for investigations of quality service and SHRD as it is likely to evidence examples. The case under scrutiny, Hilton International, represents an instrumental case study in Stake's (1995) terms and an explanatory case in Yin's (1981) terms. It was selected to allow an in-depth empirical investigation of the nature of, and relationship between, a quality service initiative and SHRD.

Access to Hilton International, from 1999 to 2002, was developed through the offices of the human resource vice-president (HR VP) for Hilton UK and Ireland. Material provided for the research included company communication

and training videos, HR policy and training manuals, and quality system information. In addition, a purposive sample of key informants (Jankowicz, 1994) was selected for interviewing to ensure that all the major players at the strategic level of the organisation were represented. The research informants for this article comprise senior HR and quality specialists; the findings constitute the HR/quality perspective of quality service and strategic HRD. In conducting all of the interviews the approach was discussion of the company's strategic developments rather than explicit questioning on strategic HRD issues. In this way an attempt was made to avoid magnifying the contribution of HRD by setting the function in the context of Hilton's strategic drive. Content analysis, as propounded by Easterby-Smith *et al.* (2002), was utilised to interpret the findings around the SHRD themes identified in the literature. Thus the analysis of the themes is the foundation of the data analysis (Stake, 1995).

Two preliminary face-to-face, unstructured interviews were held with a hotel HR manager and HR VP (UK and Ireland). The purpose of these interviews was to establish the emerging strategic direction of Hilton International. Following these, a series of semi-structured telephone interviews, on the service quality initiative and the role of human resource management (HRM) and HRD in this, were held with three of the four HR VPs. In the Europe, Middle East and Africa region, the regional training manager represented the HR VP. Further, a semi-structured telephone interview was conducted with the customer service development manager (UK and Ireland). Finally, in 2002, two interviews were conducted with the HR VP for Hilton for UK and Ireland in order to discuss the most recent strategic developments in Hilton International.

The timing and extended – longitudinal – time of the primary work is significant for two reasons (see time-line below). First, in 1999 the Hilton group plc purchased Stakis plc in an exchange worth £1.4 billion. This acquisition precipitated a strategic review of the business direction and the subsequent launch of a UK-centred quality initiative. Second, the long-term range of strategic planning and implementation in a world-wide company necessitates a broad time frame.

Research time-line
(1) 1999 – Hilton Group plc buy Stakis plc.
(2) 2000 – strategic review of business direction.
(3) 2001 – global launch – in UK – of Esprit and Equilibrium initiatives.
(4) 2001/2002 – interviews with unit HR manager and HR VP (UK and Ireland).
(5) 2001/2002 – interviews with four other HR VPs and a regional training manager to represent Hilton's global regions.

(6) 2001 – interview with customer service development manager (UK and Ireland).

(7) 2002 – interviews with HR VP (UK and Ireland).

Although sound overall in conceptual and practical terms, the research methods are clearly limited in the arguably selective perception of the senior HR and quality specialists. Related limitations may lie in the relatively modest number of informants and the telephone interviews in that non-verbal communication is obviously precluded. Analysis of the primary data through data reduction, coding and theming may also be a vulnerable part of the research design. Further and more holistically, one case study possibly has limitations in terms of generalisability though Yin (1981) refutes this.

However, there are counterpoints to these limitations that are not untypical in qualitative research. Given the nature of Hilton's strategic direction (see findings below), the views of the HR and quality specialists are very important and the total, albeit modest, population of senior HR and quality specialists participated in the research. The telephone interviews yielded as much data as the face-to-face interviews and, to ensure accurate interpretation, there was frequent checking of the meaning and understanding of points raised. The data analysis was done systematically and verbatim quotations from the informants are included in the findings to lend authenticity and texture. Lastly, the issues raised by the Hilton case may have resonance for, if not precise replication in, similar organisations. The findings from the case investigation are presented below, following a literature review.

The drive for hospitality and tourism quality service

Quality, like HRM, emanated from the manufacturing sector and became a part of services literature in the early 1980s (Kandampully, 1997). Because quality has its origins in tangible products, applying quality concepts and practices to intangible services or experiences in the hotel sector, for example, proved somewhat problematic initially (Maxwell, 1994; Brush, 1997). Indeed, "in services the employee's role and behaviour take on even greater importance than in manufactured products" (Dotchin and Oakland, 1994, p. 29). At the heart of quality service is the difficulty in ensuring consistency due to the variability of the human element. Kamdampully (1997, p. 6) spells out the directions of this variability and the centre stage part played by employees in quality service:

(a) the quality of service performance varies from one service organization to another;
(b) the quality of service performance varies from one service performer to another;
(c) the quality of service performance varies for the same performer from one occasion to another.

As "service performers" – employees – are central to service quality, so too is their management. A key issue for managers in the hotel sector is determining

the appropriate balance between giving employees responsibility for service quality and maintaining managerial control of service quality, given how "critical an issue" it is (Hoque, 1999, p. 71). The centrality of employees in service quality is likely to be accentuated further as service competition and the focus on customer perceptions and expectations intensifies in hospitality and tourism and industry overall. Lewis (2000, p. 28) argues that "as the 21st century unfolds it is clear that most people accept that service will play an increasingly important part in the economy." Atkinson (2000, p. 8) goes further in asserting the importance of service performer/ customer exchange in that:

> Customer perception of service delivery will be imperative and will shape their choice of supplier or service provider. Service excellence will need to take on a new mantle of one to one partner relationships with the customer, the consumer and end-user.

To remain competitive therefore, hospitality and tourism providers must continue to meet if not exceed customer expectations that are themselves dynamic (Atkinson, 2000). In the UK hospitality and tourism industry for one, with its dubious record on quality, improving quality service is a must (Maxwell *et al.*, 2000).

Improving quality service in international hospitality and tourism brings with it the added challenge of cross-cultural service encounters in branded organisations. Critical to global success in cross-cultural service translations, according to Ulrich and Black (1999, p. 45) "is being able to tell between what is core to the business – what should be standardised throughout operations – and what isn't." These authors use the example of Disney in Paris deviating from the usual company line on alcohol provision for reasons of French national culture to illustrate their assertion. Weiermair (2000) highlights that quality service failure in the international market is exacerbated and can result in not only negative and emotional responses from customers but also in cultural conflicts. He advocates that the key to quality service in the international market is an appropriate blending of "global, national and local cultures, of globally and locally valid service qualities ... [to] create tourism and destination specific cultures" (Weiermair, 2000, p. 407).

One standard organisational response to the imperative of quality service is measuring "service quality levels and identifying errors" (Fache, 2000, p. 356). Such forensic measurements rely on consistency of, and conformity in, service delivery that can act to inhibit innovation (Fache, 2000) that may be increasingly needed, as discussed above. One way of tuning into changing customer expectations in tourism in order to allow customisation and innovation in service delivery is through Kandampully's (1997) process flow in dynamic service quality. This "interactive feedback communication process" (Kandampully, 1997, p. 12) stresses the importance of the interplay between customers, service delivers and organisational strategists in quality service. Implicit in this process flow is developing employees in order that they can identify and even anticipate customers' changing needs and wants. Oakland

and Oakland (2001, p. 773) support this assertion in their observation that, in world-class organisations, it is now widely acknowledged that "effective people management and development is one of the primary keys to achieving improvements in organisational performance." Canning (1996, p. 3) suggests that there is a "broad agreement across industry and services that the drive for quality must become an essential feature of organisational life". If this is the case then training and development is surely at the very heart of this drive. A total quality approach must begin and end with training. Garavan (1995b) articulates that the drive for quality is one of the triggers that has promoted and underpinned the development of SHRD. In order to reveal the complexities and characteristics of SHRD, the following section provides an overview of some of the key works in this area.

SHRD

Keep (1989, p. 111) levels unequivocally that "training and development should be regarded as central to anything that can be sensibly termed HRM." In service organisations, and hospitality and tourism companies are no exception, this centrality is clearly important, basically as "people are the only organisational resource that can shape and create the ways in which all other business resources are used" (Torraco and Swanson, 1995, p. 18). Minzberg (1987) defines strategy as either being emergent (in response to an evolving situation) or deliberate (brought about by formulation and implementation). Torraco and Swanson (1995) suggest that where an emergent strategy is dominant, then HRD can have a strategy-shaping role. More stable and less knowledge intensive organisations tend to adopt deliberate strategies and HRD is often in a supportive rather than shaping role, adding value in the implementation stages rather than formulation stages. For Torraco and Swanson (1995), HRD is central to business strategy:

> Today's business environment requires that HRD not only supports the business strategies of organisations, but that it assumes a pivotal role in the shaping of business strategy (Torraco and Swanson, 1995, p. 10).

Indeed many definitions of HRD refer to strategy. Garavan (1991, p. 17), for one, links HRD to business strategy, "[HRD is] concerned with the management of employee learning for the long term keeping in mind the explicit corporate and business strategies." Similarly, Harrison (1992), and Stewart and McGoldrick (1996) argue a case for a strategic perspective to HRD. In defining SHRD, Walton (1999) identifies the link between learning and organisational strategies.

> Strategic HRD is concerned with ensuring that there are processes in the organisation which facilitate learning; ensuring the appropriate stewardship is exercised over the learning process; and providing direction to ensure that core competences of organisations are enhanced through learning (Walton, 1999).

In developing this theme further, McCracken and Wallace (2000a, p. 288)
highlight the importance of creating an appropriate learning culture:

> SHRD could be defined as the creation of a learning culture, within which a range of training,
> development and learning strategies both respond to corporate strategy and also help to
> shape and influence it.

One of the themes that emerge from these definitions is that HRD is not
simply about training – it is a broader and longer-term concept. SHRD can
be seen as proactive, intervention linked to strategic planning and cultural
change, whereas traditional training consists of reactive and piecemeal
interventions in response to specific problems. Walton (1999) highlights
some key points raised by Burgoyne (1988) in relation to SHRD. First, a
strategic approach needs to be explicitly linked to corporate policy, second,
it is incremental, with an organisation's approach likely to grow in
sophistication, and finally that it needs to be linked to hard systems of
HRM, that are also collaborative.

In reviewing these definitions of SHRD, they offer little guidance when
trying to establish whether SHRD exists in reality, although they do provide a
conceptual overview of SHRD. In exploring the concept further a number of
authors have attempted to articulate characteristics, dimensions and criteria of
SHRD. For example, Garavan (1991) identifies some nine key characteristics
of SHRD that have been redefined by McCracken and Wallace (2000b, p. 448)
(see Table I).

In a similar vein, Harrison (2002, p. 85) provides six critical indicators to
show that learning and development (L&D) is strategically focussed. These are:

SHRD characteristics (Garavan, 1991)	Enhanced SHRD characteristics (McCracken and Wallace, 2000a)
1. Integration with organisational missions and goals	Shaping organisational missions and goals
2. Top management support	Top management leadership
3. Environmental scanning	Environmental scanning by senior management, specifically in HRD terms
4. HRD plans and policies	HRD strategies, plans and policies
5. Line manager commitment and involvement	Strategic partnerships with line management
6. Existence of complementary HRM activities	Strategic partnerships with HRM
7. Expanded trainer role	Trainers as organisational change consultants
8. Recognition of culture	Ability to influence corporate culture
9. Emphasis on evaluation	Emphasis on cost effectiveness evaluation

Table I.
Characteristics of SHRD

(1) There is a L&D vision & strategy (even if informally expressed) that supports the goals of the organisation.

(2) All L&D activities support organisational goals.

(3) Activity supports and is supported by other HR policies.

(4) L&D as an organisational process is "owned" by managers, who give it active commitment at all organisational levels.

(5) L&D specialists acknowledge that ownership through establishing effective business partnerships across the organisation.

(6) The outcomes of L&D operations help to drive down costs and to increase the value of the organisation's human assets.

Similarities between these indicators and Garavan's (1991) and McCracken and Wallace's (2000a) dimensions can be seen in relation to the strategic involvement, role of line managers, coherency with HRM policies, establishment of business partnerships and the importance of measuring the contribution of learning and development. However, Harrison does not identify the role of trainers, the organisational culture nor the need for external scanning as being critical.

Using the Burgoyne (1988) typology, which was originally intended to evaluate management development, Walton (1999, p. 88) applies this to SHRD and adds a further seventh level, presenting the following diagnostic model to evaluate the level of strategic sophistication of HRD.

(1) Level 1: no systematic HRD development.

(2) Level 2: isolated tactical HRD.

(3) Level 3: integrated and co-ordinated structural.

(4) Level 4: an HRD strategy to implement corporate policy.

(5) Level 5: HRD strategy input to corporate policy formulation.

(6) Level 6: strategic development of the management of corporate policy.

(7) Level 7: strategic leverage of L&D processes to enhance the core competences of the organisation.

One of the limitations of this diagnostic model is the lack of focus on what specific dimensions could be used to assess the level of strategic sophistication, other than four general criteria of:

(1) Degree of internal integration or coherence of processes.

(2) Degree of alignment to other related functional areas.

(3) Degree of involvement of HRD role holders in decision making on corporate-wide issues.

(4) Extent to which functional activities are seen as contributing to corporate strategy (Walton, 1999, p. 87)

In comparing these to Garavan's (1991) characteristics and Harrison's (2002) indicators, little attention is given to the role of line managers, role of trainers, the organisational culture, leadership, environmental scanning and evaluation.

However, one of the limitations of all the diagnostic models presented above is that there is no differentiation or prioritisation of characteristics, dimensions or indicators, by any of the authors. McCracken and Wallace's (2000a) model does have the distinction of contending that all of the characteristics are "intricately linked" and complementary, representing an open system, which will arguably enable a SHRD approach to emanate and prosper in organisations. In some contrast to their theoretical positioning, their research of 86 Scottish-based companies they found little empirical evidence of organisations taking a SHRD approach, when using their dimensions and the need for all characteristics to be present. Their main findings were that there was evidence of SHRD, but this was weak for their enhanced version. There was strong evidence for top-management support, but not leadership. There was weak evidence of line management support also, and few strategic partnerships existed. Finally, there was emphasis on evaluation, but little on cost effectiveness evaluation (McCracken and Wallace, 2000b).

Heraty and Morley (2000) conducted a national study of the nature of HRD at organisational level in Ireland in 221 organisations. Their findings are summarised below:

- Responsibility for HRD policy – some devolvement to line managers.
- Identifying HRD needs – seven out of ten organisations conducted systematic training needs analysis.
- HRD coverage and delivery – focused on both formal and informal, with a preference to rely on one form only.
- Limited evidence of an awareness to evaluate HRD, but this tended to be done on an informal basis.
- Focus – short-term rather than longer-term developmental activities.

In concluding, Heraty and Morley (2000, p. 31) stated about the HRD function "While often viewed as an elusive activity, lacking any real strategic focus, there is evidence that this is changing."

The above overview of the literature has provided an indication on the scope and limitations of both conceptual and empirical work in this field. What is evident is that there is no one universally accepted definition or model of SHRD. However, the authors consider that Garavan's (1991) nine characteristics in conjunction with McCracken and Wallace's enhanced version of SHRD provide the most comprehensive lens for investigating the nature of training and development. Although McCracken and Wallace (2000b) considered that Garavan's (1991) characteristics needed to be updated, their own research found little evidence of their enhanced version. By including

Garavan's original characteristics in the discussion, it provides an opportunity to examine the nature of SHRD in Hilton International in greater detail.

Case study: Hilton International

Company background

Hilton International is the hotel part of The Hilton Group plc business that comprises hotels, betting and gaming, and Living Well fitness centres. It is not to be confused with the Hilton Hotel Corporation (HCC) of the USA, although the Hilton Alliance does bind the two Hilton organisations in some ways and permits the usage of the "H" logo for Hiltons around the world. The Hilton Group plc consists of some 500 hotels across the world, employing over 60,000 staff in 50 countries. All of these hotels are either owned or managed by Hilton; none operate as franchises. In 1999, the Hilton Group plc purchased Stakis plc in an exchange worth £1.4 billion.

Headed by a main board and chief executive officer, Hilton International is divided into four global regions: UK and Ireland; Europe, the Middle East and Africa; Asia Pacific; and the Americas. In each region, area presidents and executive teams, including HR VPs, run their operations. In the UK, there are four operating regions: Scotland; the Midlands and North; London; and the South East and South Coast. These regions are encouraged to set up their own operating teams including HR, finance, sales and revenue, working in cross-functional collaboration. The decentralised organisational structure of Hilton, in the words of the UK HR VP, "relies fundamentally on a clear strategic brand direction - a strong frame – in values and behaviours."

The integration of the two organisations meant a rationalisation of two different organisational cultures. Hilton was characterised by professionalism, and being "systematised and process-led." Stakis on the other hand was more characterised by its company "personality", engendering customer loyalty by being "accessible and intuitive", making service mistakes but overcoming them in a friendly manner. In the period February to July 1999, the senior jobs in the new, integrated organisation were filled in an organic way, mainly from senior people from the Stakis organisation. It was recognised that there was then a need to create a new organisational culture, part of which was to make the Hilton Group in the UK "a number one employer, the first choice in the hotel business." The development of the new culture was derived from an extensive market research exercise that was conducted in 1999 in order to establish what customers expect and want from the Hilton brand.

Service quality through "Equilibrium"

The result of the market research was the identification of the contemporary Hilton brand. Part of this is physical, the tangible aspects of the service offering in hotel units. The other part of the contemporary Hilton brand is intangible,

the quality service element. Hilton customers expect a high standard in this respect in that: "staff will deliver service well, on time and, with a smile".

For the HR VP for Asia, quality service "is the customer package ... we [Hilton] are not in the race if we are not delivering quality service." Thus quality service depends heavily on employees, particularly those at the front-line of customer contact. To differentiate Hilton service and meet Hilton customer needs, the new concept of "Hilton time" being "restorative" was developed. Putting this concept into practice means the implementation of a quality service strategy named "Equilibrium". Essentially, Equilibrium aims to ensure all Hilton customers experience a stay at/visit to Hilton that balances their wider life needs of work and leisure in a restorative way. Equilibrium is summed up within Hilton as "putting back in a little of what life takes out" and, importantly, is attuned to individual guests through "brand promises". In addition, service standards and exchanges constitute the restorative, quality experience.

Therefore, Hilton quality service is related to the behaviour of staff, mainly with guests but also with each other to create – directly and indirectly – the right type of organisational culture that will encourage appropriate employee/guest exchanges. The main challenge identified by Hilton in developing this quality of service is expressed by the HR VP for the UK and Ireland as "an organizational cultural belief issue: do we really believe in it [Equilibrium approach to quality]?" Closely related to this challenge are two other important considerations.

First, there is the development of the Equilibrium service culture throughout Hilton's four global regions. The role of the UK and Ireland region was pivotal in developing and launching the Equilibrium strategy in January 2000. From its initiation in the UK, Equilibrium was presented to the other three Hilton regions, and advertised by Jeff Goldblum, the actor, to represent the new Hilton brand and image. Given the decentralised organisational structure, the senior management teams in each region were able to decide whether or not to adopt Equilibrium. Europe, Middle East and Africa had its official launch in January 2001, the Americas in May 2001and Asia in 2002.

The second important consideration in the implementation of Equilibrium is adapting the Hilton brand around the world to specific locations. Beyond the standard Hilton company specifications of quality, local unit managers are expected to ensure their staff provide more localised dimensions of quality. In Asia especially, the translation of Equilibrium across a diverse range of cultures in different countries represents an important and complex challenge, from the underpinning philosophy through to language dimensions (Esprit – see below – means ghost in Chinese for example). In the Americas region, there is a difference between the expectations of North and South American customers, with the former generally enjoying a higher and more

structured/pressurised standard of living and the latter with less affluent but more relaxed lifestyles in general.

Thus the Equilibrium initiative is inextricably linked to employees and, as a consequence, their management. The bridge between customer service quality – Equilibrium – and the service performers in Hilton is the Esprit HRM initiative that complements Equilibrium.

Service quality through Esprit

The contribution of HR in the service quality drive at Hilton is recognised formally in a newly devised HR policy initiative called "Esprit." This initiative builds on the four, inter-related Hilton core values as expressed in a Hilton training manual:

> Customer: To know who our customers are and provide them with the product and service they want.
>
> Quality: That the customer is provided with an exceptional product by exceptional staff in terms of service and flexibility.
>
> People: To work together and enjoy being part of a team, pulling together to provide excellent service.
>
> Profit: To ensure that sales are maximised in answering the customer's needs and that costs are controlled without compromising quality.

Esprit has been designed to embrace the key principles of employee recognition, respect and reward. The regional training manager for Europe, the Middle East and Africa, sums up the fundamental role of staff in Esprit: "Esprit puts employees in front. There will be no guest delight without employee delight." Recognising the contribution of employees is not only important from an organisational perspective, but it is also important because "employees more and more expect training, a good working environment etc., and not just a job." Thus Hilton employment packages have to take account of internal and external factors.

Employee development is seen as crucial to Equilibrium and therefore to Esprit also:

> "At the root of employee development is a real understanding of what makes a good service giver at co-worker level," asserts Gordon Lyle, the HR VP for the UK and Ireland. He continues that quality service "starts with recruitment but relies more on appropriate [employee] development ... Esprit training aims to change behaviours to deliver Hilton moments."

New recruits are encouraged to understand Equilibrium from a guest perspective experiencing part of its service offering, courtesy of Hilton, prior to officially starting employment. Esprit training begins formally with The Spirit of Hilton, (induction) training. Part of this orientation explores the new employee's views on their Hilton experience. It also sets out Hilton standards and moments. More Spirit of Hilton training is carried out in the employee's

department before a personal development-planning day spent with the HR department, covering sales technique and customer care for example. At each of the three stages, employees are invited to complete a questionnaire to evaluate the effectiveness of the training.

When the Spirit of Hilton training is completed, employees develop an individual training record, a Technical and Behavioural Skills record, which includes assessments, review and industry accredited training. After 12 weeks, employees take part in an Esprit workshop. This workshop checks understanding of and commitment to Hilton core values, Hilton brand standards (generic and departmental) and Hilton moments. On successful completion of this programme, employees become members of the Esprit Club that then entitles them to a range of employee benefits. Thereafter, employees can tailor their own training through Hilton's Pathway training ladder. In sum, staff (or Hilton people, as they are called within the company) entry into Esprit depends of the fulfilment of four specific conditions:

(1) completion of the Spirit of Hilton Programme;

(2) attendance at an Esprit Workshop;

(3) completion of Technical and Behavioural Skills Training; and

(4) participation in a one-to-one review with a manager.

Recognition is afforded to staff through the certification of achievement, employee of the month and year schemes, and Star Bond scheme, for example. This last scheme rewards Hilton moments through staff nominations to build teamwork. Nominations are heard by staff consultative committees in each hotel and Star Bond vouchers awarded according to the perceived value of the Hilton moment.

Esprit training is based on technical and behavioural skills to support the identified brand standards and provision of Hilton moments. It is continuous to keep Equilibrium alive through all training and team meetings. In addition to directly supporting Equilibrium, continuous, individually centred employee development is recognised as important to individual motives too:

> Good people need to grow intellectually and materially. So employee development has to be available to people [employees] so that they can feel they can do things. Some people [employees] may not want to progress but they have a choice. Employee development is not a company responsibility but an individual [one]. The company facilitates development (Gordon Lyle).

The Esprit system is expected to be locally adapted. In Europe, Middle East and Africa, a "Championing Quality in the Teams" programme, bringing quality awareness back to hotels, is launching Esprit at the beginning of 2001. The recent appointment of training managers or co-ordinators in each hotel in this region underlines the commitment to employee development. In Asia, there are four "champions" of Esprit and Equilibrium, each representing different countries in the culturally diverse region. In the Americas region, the Esprit

Committee comprising the regional HR VP, two HR directors, two general managers and an area director for sales and marketing is managing Esprit. Here, the goal is to have all hotels qualify for Esprit membership by mid-2002. Generally the regional HR VP, Edwin Zephirin, considers that the North American employees will take more persuading of Esprit as it "takes more time to gain their hearts…there is less loyalty than in the countries in South America and the Caribbean." In some contrast, employees in South America are "naturally more personal, intuitive givers of service", the very essence of Hilton Moments.

In short, Equilibrium identifies Hilton quality and Esprit delivers it. Then, as the Customer Service Development Manager (UK and Ireland), Jason George, points out, "quality has to be measured and audited".

Evaluation of training is both direct and indirect. Direct evaluation is conducted after training sessions, with participants each completing an evaluation questionnaire. Also, employee feedback in staff forum meetings can include some HRD evaluation on Esprit and Hilton's Pathfinder employee development programme. The mystery customer system in the company includes an element of training evaluation too in that there is an evaluation of the extent to which the HR managers in hotels achieve the company People Standards in HR services. In time, the intention is to evaluate Esprit as part of the company's biannual staff survey in order to gain more comprehensive employee feedback.

HRD is evaluated more indirectly in four other main company measures of quality: the company-specific systems of Richey, the Guest Satisfaction Tracking System, Grip, and mystery guests. Because of the importance of Esprit – and within it employee development – in delivering quality service, HRD is elemental to Hilton's continuous measuring and auditing of quality. Balanced score cards provide detailed information on performance outcomes and drivers, to which Esprit is inextricably linked. That recent company profit and market share figures are up on last year indicating that Hilton's markets are responding well to their quality service drive.

Analysis of case organisation
For the purpose of this research Garavan's (1991) nine characteristics in conjunction with McCracken and Wallace's enhanced version of SHRD has been used as the basis for analysing the case study, as it provides the most comprehensive typology. This enables the authors to evaluate training and development activities in practice, in the case organisation, within a framework for SHRD. The characteristics of contemporary SHRD, as advocated by Garavan (1991) and McCracken and Wallace (2000a), provide a useful, if rather prescriptive, framework for SHRD in conceptual terms. This framework was empirically tested, but little support of this enhanced version was found McCracken and Wallace (2000b).

However, the authors of this paper, in realising one of the limitations of these frameworks, have refined this typology and categorised the characteristics into enabling factors and implementation factors. Table II presents an overview of these.

The first category combines factors that facilitate SHRD, namely, environmental scanning, integration with organisational missions and goals, top management support/leadership, and recognition of culture. The second category groups factors that impact directly on the operationalisation of SHRD namely HRD plans, policies and strategies, line manager commitment and involvement, complementary HR activities, expanded trainer role and emphasis on evaluation. These categories are used to frame presentation of the findings.

1. Enabling factors
Environmental scanning
According to McCracken and Wallace (2000a), a strategic HRD function must be able to analyse the external environment in terms of opportunities and threats for the business in HRD terms. However, it is not just the HRD function that needs to be able to do this – it is equally, if not more vital, that senior managers scan their operating environment (Rainbird, 1995).

The integration of the Hilton and Stakis organisations meant a rationalisation of two different organisational cultures. Environmental scanning was conducted by senior management to establish opportunities and threats in HR as well as business terms. An annual conference for all HR managers is held to discuss developments and improvements. This often involves examining best practice from other service-oriented organisations.

SHRD characteristics (Garavan, 1991)	Enhanced SHRD characteristics (McCracken and Wallace, 2000a)	Categorisation of characteristics
1. Integration with organisational missions and goals	Shaping organisational missions and goals	Enabling
2. Top management support	Top management leadership	Enabling
3. Environmental scanning	Environmental scanning by senior management, specifically in HRD terms	Enabling
4. HRD plans and policies	HRD strategies, plans and policies	Implementation
5. Line manager commitment and involvement	Strategic partnerships with line management	Implementation
6. Existence of complementary HRM activities	Strategic partnerships with HRM	Implementation
7. Expanded trainer role	Trainers as organisational change consultants	Implementation
8. Recognition of culture	Ability to influence corporate culture	Enabling
9. Emphasis on evaluation	Emphasis on cost effectiveness evaluation	Implementation

Table II.
Enabling and implementation characteristics of SHRD

The result of the market research and environmental scanning was a clear identification of a Hilton brand. Part of this is physical, the tangible aspects of the service offering in hotel units, complemented by an intangible, quality service element. Hilton customers expect a very high standard in professional service that is delivered by empathetic and courtesy staff, in a timely manner. Quality service therefore became a key focus of Hilton's strategic direction and objectives. From the interviews and analyses of documentation and practices, there is no evidence that environmental scanning in HRD terms is being conducted.

Integration with organisational missions and goals

Training and development are seen as making an effective contribution to business goals. Torraco and Swanson (1995) propose that HRD that is truly strategic is rooted in needs and outcomes that are performance based i.e. SHRD must contribute directly to the achievement of business goals. However, other commentators including Lengnick-Hall and Lengnick-Hall (1999) and Butler (1988) stipulate that truly strategic HRD should shape and influence organisational missions and goals. This view is supported by McCracken and Wallace (2000a).

In order to achieve the service quality the "Esprit " initiative has been developed, as the bridge between customer service quality – Equilibrium – and the service performers in Hilton. In short, Equilibrium identifies Hilton quality and Esprit delivers it.

Thus the Equilibrium initiative is inextricably linked to employee development, integrating HRD with company goals and objectives. HRD is seen as fundamental to delivering and supporting the strategic goal of Equilibrium, but currently does not play a role in shaping organisational goals.

Top management support/leadership

Garavan (1991) contends that the message emerging from much of the literature is that when Board level management treat HRD as making an important contribution, it has a higher profile. Lee (1996) found that in the companies he researched at the top end of the training maturity scale, training was actively supported by the chief executive and by senior management generally - both from the point of view of their operational roles and in terms of their own development. McCracken and Wallace (2000a), drawing on the work of Garavan *et al.* (1998), suggest that active leadership from top management is critical.

Equilibrium has been agreed as an appropriate strategy with top management support to Esprit as the mechanism for delivery. Although it could be argued that the establishment of regional "champions" will provide leadership for HRD activities, it is too early in the roll out of the programme to evaluate the extent to which Esprit has been subsumed within the organisation.

It may be that some regions will adopt the rhetoric of equilibrium, whilst not give leadership or support to the HRD activities required to deliver it.

Recognition of culture
Garavan (1991) contends that strategic HRD has a clear role to play in maintaining and developing organisational culture, but the role is not clear, direct nor one way. From the research that has been conducted into the concept of the learning organisation (Garrett, 1990; Senge, 1990; Pedler *et al.*, 1997), it is clear that those organisations which consider themselves to be learning organisations will be those with a strong learning culture. However, West (1994) argues that deeply embedded attitudinal and cultural barriers exist to the development of the learning organisation. Learning is therefore a means of transmitting and changing culture as well as a product of it. However, those organisations that consider themselves to be on the road to being learning organisations will treat HRD strategically. McCracken and Wallace (2000a) propose that that HRD should develop and enhance the culture of an organisation.

Hilton quality service is related to the behaviour of staff, mainly with guests but also with each other to create – directly and indirectly – the right type of organisational culture that will encourage appropriate employee/guest exchanges. The role of the UK and Ireland region is seen as pivotal in ensuring that this culture is accepted and managed to enable Equilibrium to flourish. Esprit is described by Gordon Lyle as being a "philosophy, an ethos that nurtures the intuitive service that is Equilibrium, Hilton moments." What is clear from the adoption of this initiative is that the organisational culture needs to be managed to achieve the service quality goals. Pivotal to this is the central role-played by the human resource professionals in the organisation who recognise that a key challenge is to inculcate the ethos of Esprit to ensure people demonstrate its ethos.

2. Implementation factors
HRD plans, policies and strategies
Garavan (1991) states that for HRD to be strategic in focus, it must formulate plans and policies that flow from and are integrated with business plans and policies. This requires an emphasis not just on the identification of learning needs at the individual level, but also at the organisational level, via an organisational review or audit. This will tend to put the emphasis on business driven approach to training, rather than a supply or menu driven approach that traditionally many training departments have adopted. McCracken and Wallace (2000a, p. 429) argue that "HRD policies and plans need to be supplemented by HRD strategies", with these being developed by the top management team.

In Hilton, employee development is seen as crucial to Equilibrium. HRD plans and policies have been developed and implemented to support strategic goals, however there is less evidence of any specific HRD strategies. Where these do exist, they appear to be subsumed within HRM strategies.

Line manager commitment and involvement

McCracken and Wallace's position here is that strategically focused HRD functions rely on the commitment and involvement of line managers. Certainly strategic HRD advocates the involvement of many stakeholders; Torraco and Swanson (1995) suggest that one of the key features of SHRD is that it has earned credibility and respect amongst key stakeholders by demonstrating its strategic capability. Lee's (1996) work showed that among the characteristics of the companies at the top end of the training maturity scale, training was perceived as supporting business strategy and HRD specialists and line managers worked in partnership with each other. Line managers are crucial stakeholders whose role in HRD is often underdeveloped for a variety of reasons, both attitudinal and cultural. There are a number of important roles that line managers can adopt in HRD, such as facilitators, coaches, mentors and appraisers. What is crucial for SHRD practitioners is that they work in collaboratively constructive partnerships with trainers and view HRD as integral to their management role.

The responsibility for implementing Esprit is, in the first instance, being adopted by the HR specialists, but the intention is that it needs to be owned by the line managers and staff themselves. In order for this to be achieved, line managers need to take ownership and a central role in developing their people to be able to deliver Equilibrium in practical terms. In relation to HRD this will depend on the extent to which line managers embrace the principle of developing people being integral to their role. In the UK and Ireland region for one, gaining line manager commitment and involvement is, according to the HR VP here: "by far the biggest challenge . . . there is an awful lot of work to do in changing line managers' hearts and minds to understanding the essence of Esprit." At present line managers tend to expect people other than themselves to "do Esprit," and rather miss the point that Esprit *is* "only as good as the people [including line managers] who live its ethos – walk the talk – and implement it." Fundamental to this is an understanding that Esprit is a behavioural not a mechanistic vehicle for delivery of organisational goals.

Complementary HRM activities

That HRD and HRM are mutually dependent is not only the view of McCracken and Wallace (2000a), but also a constant refrain in the literature. As stated earlier, Keep (1989, p. 111) argues that "training and development should be regarded as central to anything that can be sensibly be termed HRM". Pettigrew *et al.* (1988, p. 32) also suggest that HRD inevitably involves thinking in broad HRM terms: "effecting change in training and HRD involves thinking

in broad HRM terms". O'Donnell and Garavan (1997) too suggest that a strategic alliance or partnership is required to ensure the development of SHRD. A move to strategic HRM is often a powerful signal of a subsequent emphasis on HRD in organisations.

Esprit has been designed to embrace the key principles of employee recognition, respect and reward. The Hilton employment packages appear to take account of internal and external factors. It would appear that there is some evidence of complementary HR activities to support HRD; however, there is no evidence of strategic partnerships. It was apparent that HRM rather than HRD is perceived as being the driving force of Esprit as epitomised by the following quote: "Strategic HRM is fundamental to the business in delivering the Hilton promise of Equilibrium" (Gordon Lyle).

Expanded trainer role

Garavan (1991) suggests that a SHRD function requires trainers who can be innovators and consultants rather than traditional providers of training. Facilitation of learning becomes more important than direct provision of training services. SHRD specialists need to be proactive rather than reactive, and to see themselves in a central rather than peripheral role. Philips and Shaw (1989) suggest that this consultancy role can involve training, learning or organisational change issue. McCracken and Wallace (2000a) contend that it is as organisational change consultants that HRD specialists can contribute strategically. Bennet and Leduchowicz (1983) also stress that senior and line managers have a crucial role to play in ensuring that trainers are selected and developed appropriately and that the roles expected of them are clear.

From the above case study, at the strategic level it can be seen that HRD specialists are increasingly adopting the mantle of change agents and consultants, but this is less evident at the unit level. The appointment of "trainers" in each hotel appears to be emphasising the traditional role of delivering training, coaching rather than that of change agents.

Emphasis on evaluation

According to Garavan (1991) and McCracken and Wallace (2000a, b), evaluation in cost effectiveness terms is vital to the development of a strategic focus for HRD. Although such investment calculations are difficult to make, it could be argued that not making them simply helps to breed a culture where training is not seen as an investment. Lee (1996) would argue that this concept of pay back becomes less important as an organisation moves up the training maturity scale. He argues that "pay-forward" is more important at these levels – a concept he uses to describe the benefits from training in terms of the company's capacity to learn and change:

> . . .the more that training is shown to pay forward in supporting and enabling other processes
> of organisational change, the less the training itself is required to show pay back (Lee, 1996,
> p. 73).

For those organisations at the lower levels of training maturity however, pay back calculations will initially be a powerful tool in persuading senior managers to take training seriously. Pay back is therefore a key measure in order to get to the higher levels of maturity, but once there it becomes of less importance.

What is evident from the case study is that there is an emphasis on evaluation of Equilibrium in both qualitative and quantitative terms. There is also evidence that the success of Esprit is also measured and quality audit procedures are in place to audit the standards of guest services. Integral to this is training and development. Consequently, there is evidence that Hilton focuses attention on the need for effective evaluation of HRD in terms of contribution to business performance, although the emphasis appears to be on the service initiative and the achievement of Esprit, rather than primarily focusing on HRD.

Discussion and conclusions

The following commentary identifies key issues arising from this research and discusses their implications in relation to policy and practice, theory and research.

SHRD policy

Hilton's performance is determined by the interaction of its core values – customer, quality, people and profit – in each hotel. These values are clearly inter-related but must be co-ordinated in such a way so that the fundamental imperative of ensuring quality customer service results in profit. Thus the customer offering is the priority in order to achieve the end of profit, through the means of quality staff performance. In Equilibrium, Hilton has adopted a strategic approach to ensuring quality that explicitly combines its service offering with employee performance, through the Esprit initiative. Therefore, it bases its quality drive on three essential dimensions: customers, service deliverers and strategies in Kandampully's (1997) terms. Esprit is seen as the strategic tool to achieve successful implementation of Equilibrium. In this regard the philosophy behind this policy, can be seen to sound and supports theory in this area (see Oakland and Oakland, 2001; Lewis, 2000).

Hilton's Equilibrium and Esprit was precipitated by some organisational restructuring after the integration with Stakis. The restructuring focused the need to identify changing customer expectations (Atkinson, 2000) and led to the market research exercise that was the very basis of Equilibrium and Esprit. Hilton can therefore be described, in Grönroos' (1994) terms, as being market-driven in its holistic perspective that recognises intra-organisational

collaboration, where managing quality and employee development are integral. HRM and HRD are critical to the quality drive, contributing at strategic and operational levels, but are secondary to the quality service focus. HRD is not seen as important in itself, but is important because it supports – even defines – customer satisfaction (Schneider and Bowen, 1993; Schneider, 1994; Lengnick-Hall and Lengnick-Hall, 1999). The Hilton case illustrates that driving and striving for quality service has promoted the organisational status of HRD overall and thus supports the work of Garavan (1995b). However, with regard to McCracken and Wallace's (2000a) criteria across enabling and implementation factors, the case presents a mixed picture.

SHRD in practice
It can be seen from the findings that many of the characteristics of SHRD are present within the company, which might initially indicate the adoption of SHRD. Table III provides an overview of the extent to which these were found to be present in the case organisation.

These characteristics include enabling factors (top management support and a recognition of the need to manage the organisation's culture) and implementation factors (the presence of HRD plans and policies, an emphasis on evaluation and the existence of complementary HRM activities). While these characteristics support Garavan's (1991) criteria, they are not aligned to the descriptors proposed by McCracken and Wallace (2000a) on four counts. First, although there is also evidence of environmental scanning by top management being undertaken, this was focused on customer and HRM needs rather than in HRD terms. Second, the case study clearly highlights the integration of Esprit to the strategic objectives of the organisation, but this is less evident when examination is undertaken from an HRD perspective. Third, there is an understanding of the need to gain line management commitment and involvement in relation to Esprit, however, the extent to which operational managers perceive and understand their role in HRD is less clear. Fourth, at a

Characteristic	Presence
Enabling	
Integration with organisation mission and goals	Not in HRD terms
Top management support/leadership	Yes
Recognition of organisation culture	Yes
Environmental scanning	Not in HRD terms
Implementing	
HRD plans and policies	Yes
Line manager commitment and involvement	Not clear
Complementary HRM activities	Yes
Expanded trainer role	Not at operational level
Emphasis on evaluation	Yes

Table III.
Presence of SHRD
in the Hilton

strategic level there is evidence that HR professionals are adopting a role of change agent, but at an operational level the role appears to be one of trainer.

On closer examination what has been exposed is that the organisation sees SHRM as the strategic enabler, rather than SHRD. This leads us to conclude that the quality initiative of Equilibrium has indeed attached a greater importance to HRD than before and it has triggered a move towards a strategic level of HRD.

Theory and research implications

By McCracken and Wallace's (2000a) criteria, the Hilton case has not yet fully attained SHRD. That this is the position suggests that McCracken and Wallace's (2000a) criteria, especially in asserting that all elements have to be met, may be too ambitious. A refinement of their model, dividing the criteria into enabling and implementation factors, and relaxation of their stance on meeting all criteria to a majority of factors in each category being met, may be more efficacious.

In order to gain a more in-depth view of SHRD characteristics, further research should be done to gain a wider perspective from within the organisation, particularly focusing on obtaining cross-hierarchical and functional perspectives. This should include top management, operational HR specialists, line managers and employees. This would enable a rich picture of SHRD to emerge, which could inform the further development of theory in SHRD.

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