

Hotel General Manager Position in Dubai

By Fezvi Okumus

Introduction

This case study presents a scenario about a US born and educated HGM currently managing a hotel in England but receives a similar job offer for a larger property in Dubai within the same hotel group. The case study provides background information to the HGM, First Quality Hotels group, the hotel property in Dubai and the hospitality industry in Dubai. It ends by raising several questions about the HGM's options in response to the job offer.

Background to Mr. David Miller

After completing his undergraduate degree in Hospitality Management at a reputable university in the United States (US), Mr. David Miller joined First Quality Hotels group as a management trainee in 1995. He worked for this company at properties in New York, Las Vegas, Chicago, Miami and Houston. He held various managerial positions in food and beverage along with sales and marketing in the company's hotels in Chicago, Miami and Houston. As a result of his outstanding performance, he was promoted to Food and Beverage Manager at the Chicago property in 2000; Hotel Manager in Miami in 2002 and became Hotel General Manager at the 400-room property in Houston in 2004.

David completed his MBA in 2005 and was subsequently sent to Athens, Greece, where he worked as the HGM at the chain's 450-room hotel for three years. In 2008, he was promoted to a larger five star property (600 rooms) in London, England as the HGM. He has been responsible for implementing a turnaround strategy for the hotel, with impressive results in guest service metrics and overall profit margin. He is often described by those who have worked with him or for him as being a hard-working, analytical, approachable, team builder, team player, fair, motivator, good communicator, good listener and inspiring.

David is married to Jennifer and they have two daughters who are six and nine. Jennifer has not been particularly pleased with their moves from one location to another one every three/four years. She is also concerned with their daughters' education since it takes time for them to settle down and get used to their new schools and the education system in each location. David is less concerned with this since he knows that there are generally first class private schools in every location they go and the company pays for their daughters' educational

expenses. He also thinks that it is a great exposure for their daughters to live in different countries and cultures, which can give them a competitive edge in the long term. On the other hand, Jennifer hopes that one day they can go back to the US and she can perhaps start building a career for herself as well. Jennifer also believes that David works for long hours and does not spend enough time with her and their daughters. In other words, due to his demanding position, David has not been very successful in managing work-life balance. In addition, because of their moves from one location to another one, they do not have many close family friends to socialize with.

First Quality Hotels Group

As of May 2011, First Quality Hotels group manages 164 hotels worldwide. The company has over 80,000 rooms and employs over 52,000 people globally. The properties are four and five star hotels targeting business travellers and upper class leisure travellers. Of the 164 properties, 12 of them are owned by the hotel chain, 91 have management contracts, and 61 operate as franchises. In terms of geographical locations, 122 hotels are located in the USA, 16 in Europe, 12 in the Middle East, 10 in Asia and four in Africa. The company plans to open at least another 20 hotels in the Middle East and Asia within the next 10 years believing that compared to other regions, there will be major growth opportunities in the Middle East and Asia.

Under First Quality Hotels Group, management practices developed and practiced in US properties are followed and implemented in all other properties in globally. In other words, First Quality Hotels has more an ethnocentric orientation (Roper, Brookes and Hampton, 1997) in its management practices. This home country orientation has created some conflicts and challenges particularly in marketing and human resources management practices at properties outside US but the senior executives of the hotel group claim that their regional directors and HGMs are empowered to resolve any problems and challenges in such cases by thinking global and acting local. However, they further acknowledge that the company needs to work on this area to develop strategies and policies to make the company's management practices more international.

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During the company's annual convention in Houston early 2011, Mr. John Wise, the Regional Vice President of Operations for Europe, the Middle East and Africa informed David that if he is willing, the company is considering him for a move to Dubai to become the HGM of the company's five star hotel there. This can be a great career move

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for David as two previous general managers of this property including Mr. Wise were promoted to senior corporate positions.

The hotel property in Dubai is owned by a local corporation, but First Quality Hotels group has been managing it since it was opened in 2004. It has 650 rooms, five restaurants and a convention center. The hotel is located at Jumeirah Beach with its own private beach. Its direct competitors are Hilton Dubai Jumeirah, The Westin Dubai Mina Seyahi Beach Resort and Marina, Sofitel Budai Jumeirah Beach and Le Merid-ian Mina Seyahi Beach Resort and Marina. David was a guest at this property in 2007 during the annual regional hotel managers' meeting for the company. Overall, he was very impressed with the property at that time. However, in recent years the property has started showing some signs of aging, therefore it needs to be renovated within a few years. In addition, several new luxury hotels have been opened in Dubai which has put much pressure on the property.

David has learned that one of the competitor hotels in Dubai has recently head hunted the hotel general manager of this property and the human resources manager and the marketing manager have followed him. Due to the economic recession in recent years, the hotel has implemented some cost cutting exercises and as a result let go about 150 employees. The property currently employs over 510 employees. Due to the labor shortage in the region, the hotel has recruited employees from 14 different countries: 18 from the USA, 14 from England, 12 from Germany, 12 from France, 37 from Egypt, 32 from Jordan, 26 from Russia, 70 from Pakistan, 105 from India, 88 from Philippines, 25 from China, 47 from United Arab Emirates and 24 from other countries. The property's executive team has people from several different countries, including the USA, France, Greece, Spain, England, Egypt, Jordan, and United Arab Emirates.

The Hospitality Industry in Dubai

Dubai is the second-largest emirate in the United Arab Emirates (UAE). It is located in the north-eastern part of the UAE with an area of 3,885 km² and is the only emirate without substantial oil and gas revenues (Leemann and Younes, 2005). Over 900,000 people live in Dubai and over 80% of this population is expatriates. As summarized in several recent publications, Dubai has a very strong infrastructure and it has become a major tourism and economic hub due to major investments (Balakrishnan, 2008; Henderson, 2006; Leaman and Younes, 2005; Sharpley, 2008). The ruling Al Maktoum family and investors from the region and other countries sponsored major projects which include Dubai Maritime City, Dubai International Financial Centre, Dubai Festival City, Dubai Marina, Palm Project, Mall of Emirates, Dubai Mall, Dubailand, Dubai Health Care City and Dubai Waterfront. Due to regional and economic recession in recent years, completion of some of these projects has been delayed.

The Dubai hotel market is divided into two major sub-markets: Jumeirah Beach and the City. Europe, Russia, Arabic countries have been the main feeder markets for upper scale hotel demand in Dubai.

The Dubai hotel market has often outperformed other hotel markets in the Middle East in terms of occupancy and Revenue per Available Room (RevPAR) (Leeman and Younes, 2005). However, starting from 2009 the hotel industry in Dubai faced major declines in occupancy and revenues. For example, in 2009 RevPAR declined 31% to \$163 (Anon, 2010) which was about \$236 in 2008 (Walid, 2009). However, starting from 2010, there have been signs of recovery in the hotel industry in terms of the number of visitors, occupancy and RevPAR (Department of Tourism and Commerce Marketing, 2011). In a recent online article (Freed, 2011), it is stated that despite recent turmoil in the region, Dubai, neighboring Emirates and surrounding countries have a bright future with the economic potential and resources. In this article it is further noted that "Political turmoil is the wildcard, but to most it is a speed bump, even a catapult to an even greater future in the region" (Freed, 2011).

Supporting this, there have been signs that the hospitality industry in Dubai is on the way to recovery. For example, Gerald Lawless, the Executive Chairman of Jumeirah Group, the hotel management company that operates Dubai's sail-shaped Burj Al Arab stated that "There is a lot more depth in the market than there has been in the past in terms of the length of booking and amount of booking we are receiving... We are seeing an improvement in the conference market as the economy improves globally" (Bloomberg, 2011). Similar to this, in a recent interview, Starwood CEO Frits Van Paasschen was also optimistic about the hotel industry in Dubai after occupancies remained high in 2010. He noted that the market in Dubai is not saturated and there is a room to have more hotels in Dubai and the region (Reilly, 2011).

Should David Accept this Offer?

Although this could be an excellent opportunity, David has some concerns regarding the potential offer. First, Dubai faced some financial difficulties and the hospitality industry in the region has been facing challenges due to low demand and reduced room rates. Based on the company reports and other external industry sources, David has found that since mid-2009 the property has been performing well in key performance areas, although it was not one of the company's top performing hotels in the region. He also learned that the hotel unit's direct competitors have achieved better results than this property.

David's second concern relates to the global political and economic effects on the hotel. This is a critical "time-milestone" in his career with First Quality Hotels, since the next step for him would be to a senior corporate position and this new offer could be an excellent stepping stone. However, David also knows that, even when a General Manager is sharp and makes good decisions, his performance is often dictated by fluctuations and changes in the economy and political environment. Global uncertainty has escalated, civil and political unrest in several countries in the Middle East has increased (demonstrations, street disturbances in several countries in the region), and global cur-

rency stability continues to decline.

Finally, he is mostly concerned with how well he can work with employees and managers from different cultures and countries. He knows that national culture of employees and managers affect management practices (Ayoun and Moreo, 2008; Hofstede, 1989). During his career in the US, Greece and England, he has worked with employees and managers from diverse backgrounds and cultures, but none as varied as this one. One thing is certain: working in Dubai as a Hotel General Manager would be the most challenging task he has faced yet. He knows that if he says no to this offer, this may be a missed opportunity for him and he may not be approached again for such offers within the hotel group. On the other hand, if he accepts this offer, he will continue working far more hours than before which means that his work-life balance (Blomme, Van Rheede and Tromp, 2010; Deery and Jago, 2009) will be worse than before. He needs to make a decision within one week: Should he accept the offer?

Discussion Questions

- What would be the advantages and disadvantages for David to accept this offer?
- If David accepts the position, what should he do to prepare for success in his new role?
- What should First Quality Hotels do to prepare David for success in his new role?
- If you were to develop a cross-cultural training program, which topics and activities would you include?
- How can David better manage work-life balance?

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