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Interactions between different forms of geographical expansion and different trajectories of corporate growth of international hotel groups and the processes of regional development in various institutional contexts of Central and Eastern Europe

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There is definitely something going on out there and the hotel industry plays its own important role in this complex set of processes.

Two research lacunae

Sectoral lacuna → the hotel industry

- shortage of research on services as opposed to the well-researched manufacturing sector
- shortage of research on consumer services, as opposed to strongly preferred producer services
- shortage of research on tourism and the hotel industry within consumer services

Geographical lacuna → Central and Eastern Europe

- shortage of research on CEE and the role of services in the process of transformation

Two dimensions of globalisation

1. Horizontal dimension

- understood as the worldwide development of different sectors

2. Vertical dimension

- understood as firms' embeddedness in their networks and different institutional and socio-political formations in which they operate

Research objectives

- To enhance the understanding of both dimensions of the economic globalisation
- To learn about the role of the hotel industry in the transformation in Central and Eastern Europe and the role of the CEE market in the globalisation of the hotel industry
- To enhance and develop theorisations on the hotel industry and international hotel groups
- To understand the influence of the hotel industry on the processes of uneven regional development in CEE

Research questions

1. What have been the reasons for, and limitations to, the expansion of international hotel groups into Central and Eastern Europe (CEE)?
2. What are the different patterns of expansion of international hotel groups into CEE?
3. What is the role of international hotel groups in the globalisation and transformation processes in CEE?
4. In what ways do the production networks of expanding hotel groups interact with an array of institutional formations in selected countries of CEE?
5. What implications does the interaction of hotel groups' GPNs with different socio-political and institutional formations bring to the regional development in CEE?

Theoretical framework (1)

Global Production Networks and regional development

(Henderson et al 2002, Dicken et al 2001, Hess and Yeung 2006, Coe et al 2004)

GPN "is capable of grasping the global, regional and local economic and social dimensions of the processes involved in many (...) forms of economic globalisation".

(Henderson et al 2002, p. 445)

Regional development as “a dynamic outcome of the complex interaction between territorialized relational networks and global production networks within the context of changing regional governance structures”

(Coe et al 2004, p. 469)

Theoretical framework (2)

Antecedents of Global Production Networks

1. Global Commodity Chains (GCC) *(Gereffi et al 1994)*

- the global economy as chains that all possess an input-output structure, a territoriality, a governance structure and an institutional framework

2. Actor-Network Theory (ANT) *(B. Latour, J. Law, M. Callon)*

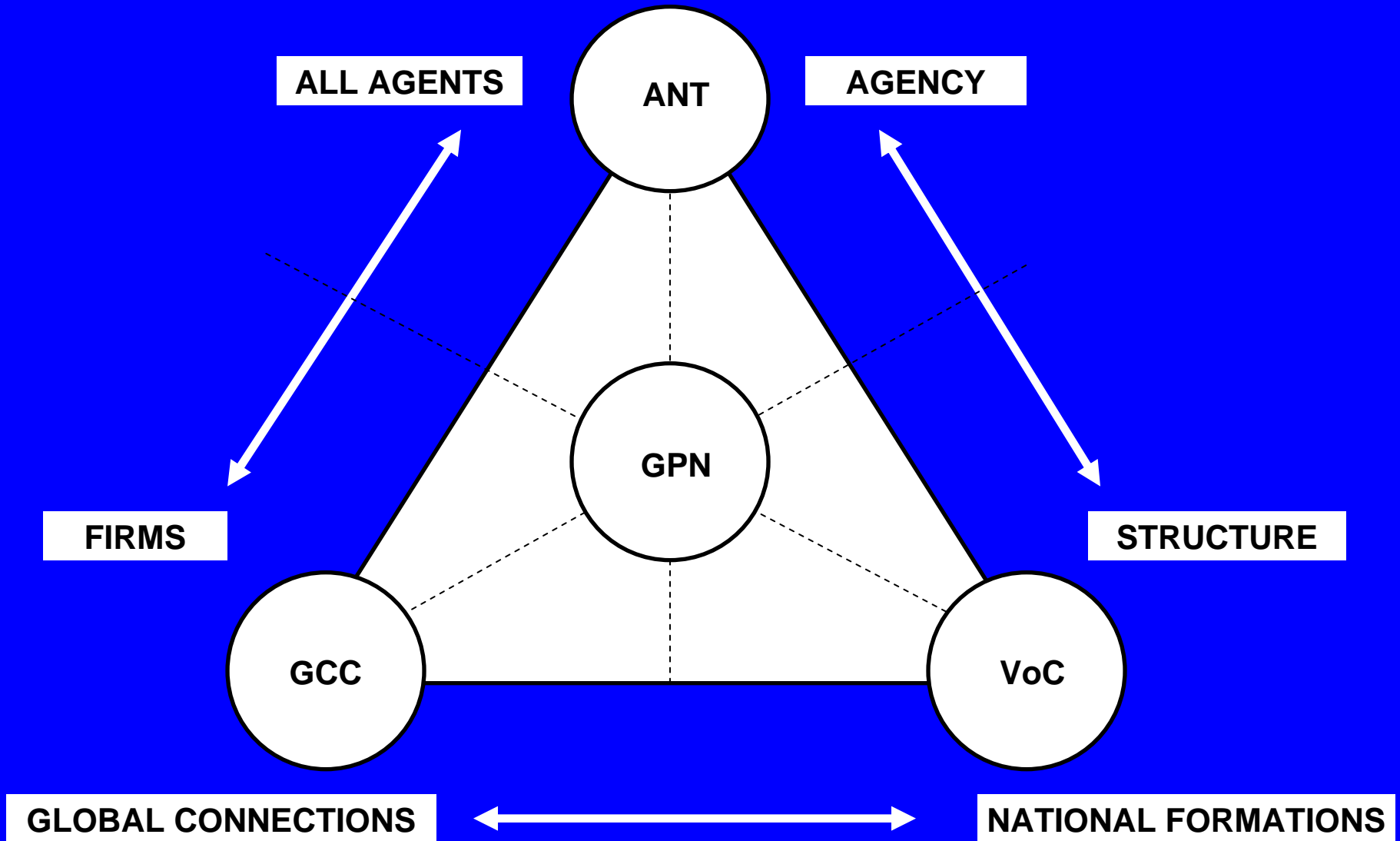
- networks as relational processes, "always in the making", socially contested and unstable

3. Varieties of Capitalisms (VoC) *(Whitley 2000, Hollingsworth and Boyer 1997, Esping-Andersen 2006, Hall and Soskice 2001)*

- different, state-based and path-dependent patterns of economic organisation

Theoretical framework (3)

Flexibility of the GPN approach



Theoretical framework (4)

The alternative approach to transition in CEE

(Bradshaw and Stenning 2004, Pickles and Smith 1998, Smith 1997, Stark 1992, Sokol 2001)

- drawing from an institutionalist approach and evolutionary theory
- built on concepts of embeddedness and path-dependency
- overlapping with Varieties of Capitalisms
- transformation as a path-dependent / path-shaping process
- building “from ruins” and not “on ruins” of socialism
- gradual transformation, as opposed to urgent transition from state socialism to capitalism
- systemic transformation

Theoretical framework (5)

Internationalisation of services and the globalisation of the hotel industry

- sectoral focus, as opposed to the producer/consumer services dichotomy (*Tickell 1999, Bull and Church 1994*)
- existing theorisations neglect post-entry behaviour and focus on reasons for expansion and modes of entry only (*Coe 2004, O'Farrell et al 1998*)
- the need for broadening the scope of geographical research in tourism (*Ioannides and Debbage 1998*)
- internationalisation vs. globalisation (*Dicken 1998*)
- “the globalisation strategy” in the hotel industry (*Go and Pine 1995, Crawford-Welch 1992*)

Methodology (1)

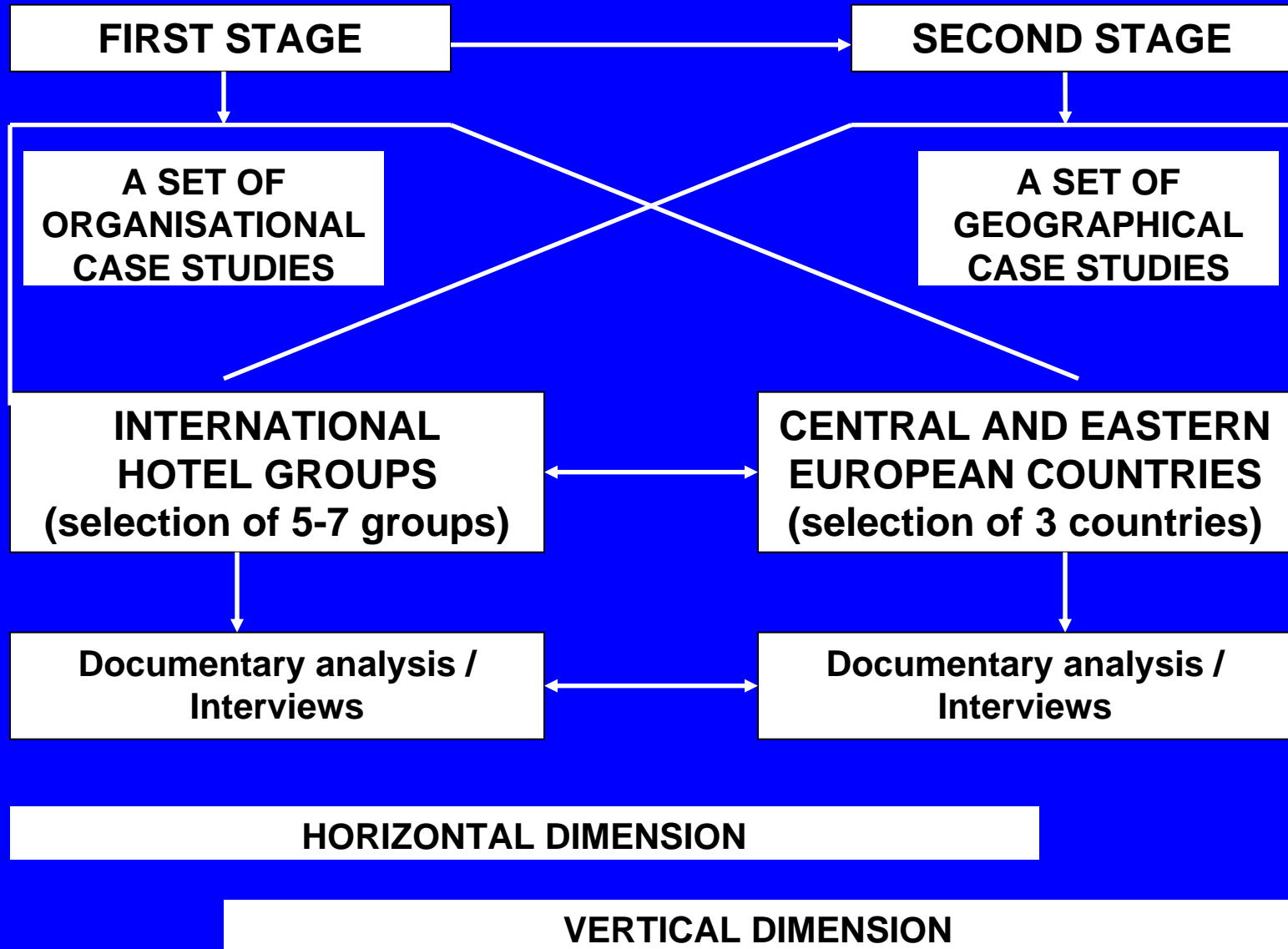
Case study strategy:

- a set of organisational case studies (5-7 hotel groups)
- a set of geographical case studies (3 countries – Poland, Bulgaria, Estonia)

Methods of data collection:

- semi-structured interviews with representatives of international hotel groups (30-35) and local, regional and national authorities in the countries of CEE (25-30)
- documentary analysis (corporate data, regional strategies of development, academic publications)

Methodology (2)



Expected conclusions (?)

- the transformation in CEE has brought international hotel groups new and specific opportunities for development
- different international hotel groups prefer different forms of expansion depending on their corporate strategies and geographical preferences
- these forms may be collective (major take-overs and acquisitions), gradual (organic growth) or mixed
- institutional and socio-political contexts of different CEE countries influence the patterns of expansion in various ways
- the expansion of hotel groups influences the processes of regional development in CEE in various ways

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