Key Executives for Homeinns Hotel Group

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1.0 Executive Summary

Hospitality is such a key sector in developing a country's economy. Home Inn Hotel Group, founded in 2002, has set a platform to take hospitality a notch higher throughout China. The group is headquartered in Hong Kong, China, and has numerous branches across the cities. Objectively, the hotel group was founded with a breaking vision to provide a new kind of lodging and hospitality experience. With skilled expertise and provision of professional services, affordable prices, location convenience, and comfortable accommodation, Home Inns has managed to redefine hospitality management in China. Consequently, it has become a number preference hotel for business, corporate, and leisure travel due to its courteous services. Home Inns has proceeded to develop an extensive network of hotels that have a competitive advantage and set a predominating position in the market. As of the moment, the group has managed to spread to about 233 cities across China, with a total of 1580 hotel branches under the management of Home Inn Hotel groups. Home Inns Hotel Group executive management has had a key role in contributing to the success of the company. The success of a company is dependent on the leadership management in regard to decision-making and implementation of appropriate strategic measures.

2.0 Key Executives for Homeinns Hotel Group

Mr. Jian Sun

Chief Executive Officer and Director

Age: 52

Mr Xiangxin Zong

President and Chief Operating Officer

Age: 52

Mr. Nanpeng Shen

Co-Founder and Co-Chairman

Age: 49

Ms Xiang Rong Li

Chief Financial Officer

Age: 44

Ms. Yihong Wu

Chief Strategy Officer

Age: 50

3.0 Introduction

A definitive focus on expanding the business has made Home Inns remain a hotel of choice, especially for the target market, with the increasing number of travel consumers making their way to China for business and leisure. Its significance cannot go unnoticed as it is a core aspect of the nation's social and economic development. A reflection on the 20th century, the accommodation and hospitality industry has witnessed radical changes due to the influence of technology and the integration of corporate governance principles. Home Inns and all of its operations and facilities provided to consumers have maintained quality and leveraged the brand image as a competitive advantage (Cvelbar and Dwyer 487-504).

Fronting the huge potential of the extensive market in China and the global perspective amid competitors, comprehensive integration of corporate governance offers an opportunity to maximize profit margins and business expansion. Considerably, the hospitality market in China is dominated by many players, but to make a difference, the group must remain innovative. Despite the prevalence of competition, Home Inns has maintained to be among the top, gaining a bigger portion of the market. With the present globalization, the phenomenon is identified as needful for enterprises to consider and integrate into their business model to succeed in the competitive environment.

Conceptualization of the global development of hotel management is the way to progressive achievement and tapping the international hotel market share. In the case of Home Inns Hotel Group, the management has established a sequence of strategic approaches to improve the inflow and entry of new markets to take the opportunity for prospects to become prominent in the market struggle.

Financial and accounting management are the effective indicators of a successful business. However, the core objective to ensure proper is not just making the best decision, but the key is making a good decision. Usually, financial management and organizational management think of the same functional unit and tend to have a complicated relationship, and both must be factored in to make a good decision. In such a case, the decision made through the executive management is highly subjective (Parida et al 2-33). Consequently, in the development of decision-making, the management must conform to the corporate principles and objectives. For instance, it is the obligation of the management to make decisions on the strategic objectives to be implemented in regard to auxiliary services on offer, pricing strategy, product quality, willingness to assume the prevalent risk, and profit objective. In the development of goals and objectives, it is important that a distinction between strategic and tactical decisions be defined (Yu & Gu 171-190)). Home Inns has implemented strategic decisions that are broad-based, a qualitative type with much consideration for achieving results that reflect the company's aspirations and aims.

4.0 Annual Report Analysis

Following the consistent financial performance of the Home Inns Hotel Group, the total revenues continued to record an improvement of 2.6% in 2016 from the 2015 financial year. The figure recorded is RMB 1,677.4 million (US$258.9 million) in the fourth quarter of 2016. During the first quarter of 2016, the total revenue had decreased by 0.2%. The phenomenon can be explained on the basis of the administration function before the 100% acquisition of the group to rejoin the cutting expenditures.

A reflection of the total leased-and-operated hotel costs, the finances added up to RMB 1.35 billion (US$208.8 million) in the fourth quarter of 2015. This figure represents 96.5% of the leased-and-operated hotel revenues, in comparison to 93.3% in the same duration. To fully understand the financial performance and the profit margin, the operating expenditures of the company are factored in. The expenditure costs account for room and housekeeping expenses, labor force, dirty washing, human resources, and front-desk workforce. Other inclusive expenditures are beverages and food items. The remissions for rent, repairs and maintenance, indemnity, and asset taxes are also included

5.0 Integration of Corporate Governance Principles

Corporate governance is a set of relationships between a firm's management, its board of members, its shareholders, and all its stakeholders (OECD). Effective governance provides a platform through which the objectives of a firm are set, outlining the means to meet the set objectives and monitoring the performance of the entity (Council). The company in question has displayed good corporate governance to take it to the next level; thus, it has been made in the hospitality industry. Though being in business for a short time and making a bust in China, Home Inns Hotel Group has managed to expand its boundaries across cities.

5.1 Principle 1: Lay solid foundations for management and oversight

Corporate governance is essential for every organization. Internal governance is, however, critical to ensure the effectiveness of the organization's processes, which the firm controls from within all its proceedings. This monitoring system comprises ownership concentration, a board of directors, and executive compensation.

5.2 Principle 2: Structure the board to add value

A Board of Directors in an organization works on behalf of the owners' interest. Primarily, the board is responsible for monitoring and controlling the organizational management and the top executives. The board has the power to reward and punish managers and focus on protecting the owners from managerial opportunism to ensure profitability.

5.3 Principle 3: Act ethically and responsibly

On recommendation, corporations ought to incorporate Stakeholder Management and Ethical Behavior in their internal governance mechanism. The questions of ethics are evidently administered in the case of Home Inns Hotel Group to maintain quality standards and create a brand for itself. It is a critical aspect of an organization to project how the business society perceives the enterprise.

Managing the interaction between stakeholders, executive management, and the workforce is also very essential to the success of a firm. Home Inns has formulated a code of ethics in the corporation, which manifests attitudes, especially toward the workforce, which looks up to its leaders for followership and guidance. As such, values become a primary concern for an organization, an issue the executives need to recognize.

5.4 Principle 4: Safeguard integrity in corporate reporting

Corporate reporting is an aspect that helps build trust among the stakeholders as a show of transparency. This is an inference to the issuance and submission of correct financial statements. It reflects the adequacy of the entity to display the true view and financial position of the company, which could translate into luring potential investors.

5.5 Principle 5: Make timely and balanced disclosure

Organizational policy development is a process that involves comprehensive engagement. Therefore, to accord an attitude of responsibility to help in successful enforcement, disclosure is important. Disclosure of policies extends even to human resources in regard to vetting and authorization processing (Frolick and Ariyachandra, 2006). It must be balanced and expressed precisely to clarify the objective to the investors in a factual manner so as to influence their investment decisions. Seemingly, Home Inns has applied the principle successfully, thus allowing it to expand its business across the cities without financial constraints.

5.6 Principle 6: Respect the rights of security holders

Ownership concentration defines the effect of diffused proprietorship of shareholder value and their ability to monitor the organizational management effectively for coordination purposes and maximize productivity to increase the enterprise's worth. The governance mechanism outlines the number of large shareholder blocks. In an organization, a large block of investors is usually focused on profitability and is critical in influencing strategic choices.

5.7 Principle 7: Recognize and manage risk

In any business, risks are involved. Management, especially in a sensitive industry such as the one in which Home Inns operates, must appreciate a willingness to assume risks. Sufficiently, and amid strong competition and poor workforce relationships, Home Inns has managed the situations adequately through the application of a sound and effective risk management framework (Edwards and Ewen, 1996).

5.8 Principle 8: Remunerate fairly and responsibly

Executive compensation is a mechanism seeking to align the pay-on-performance principle. The mechanisms aim to fulfill the executives' interests through salaries, stock options, and long-term incentives to ensure total productivity for better returns (Cvelbar, L.K. and Dwyer, L., 2013, 490). Currently, in China, scrutiny of compensation programs has been intense, though it is agreeable that there is no correct approach or formula to determine the deserved compensation.

China-based corporations ought to go a step further in complying with the EEO legislation to ensure an all-inclusive and global organization. Incorporating virtual teams provides a platform for diversification and inclusion to facilitate ethical decision-making.

6.0 Conclusion and Recommendations

Appreciating the dynamics of a business environment in the 21st century will help to improve the objective of business expansion. The world is slowly adopting the concept of globalization; therefore, Home Inns needs to incorporate economic knowledge to seize the opportunity of the rapidly growing wave (Council, 2007 n.p). Utilizing the brand name to explore global human resources management will lay a solid foundation for expansion. As a result, it would lead to the promotion of the workforce and progress in organizational performance.

Considering that the business is existing at a critical time, facing the opportunity and threat will develop the resolve to approach with determination to solve the problems prevalent in the management. The objective is to prompt competition advantage and enlarge its market share in the determination of future prospects. In the case of Home Inns Hotel Group, the firm’s assets and liabilities rate must be utilized to achieve equity proliferation and attract the attention of tax shelters. It will help the management to adequately weigh the eventual results (Feng, Wang & Huang, 869-883).

Proper strategic measures boost organizational performance and, as a result, prompt the retaining of a top position in the hospitality sector. Home Inns, through executive management, has made steadfast improvements in terms of offering deals, a reasonable stock price, and overall efficacy. The approach has prompted the pronunciation of ordinate elements in the Industry Analysis, Company Analysis, corporate governance, and recommendations for Home Inns Hotel Group. The hotel group, through its performance record, attests to the position of the fastest-growing group in the hospitality industry. Through the leadership of the executive management, the hotel group will continue to outshine its major competitors in the Chinese hospitality industry.

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