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Chapter 9: Institutional Entrepreneurship and the Field of Power: The Emergence of the Global Hotel Industry

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Introduction

Institutional entrepreneurship as a field of academic enquiry is focused on the roles played by individual agents and agents acting in concert in promoting institutional change. From Bourdieu (1993; 1996), we infer that contests for institutional change are played out in the field of power, the integrative social domain that brings together powerful actors from different walks of life – business, politics, government agencies, media and the law – to affect changes in laws, regulations and conventions (Maclean and Harvey, 2019; Maclean, Harvey and Press, 2006). Institutional entrepreneurs pursue institutional change directly by legal or quasi-legal means by persuading others to act according to their interests through social influence or lobbying; often forming issue-based coalitions in pursuit of specific institutional goals (Wijen and Ansari, 2006). Hence we define institutional entrepreneurship as the skilful actions taken by an individual actor or coalition of actors to affect changes in the informal or formal rules governing a field for personal or collective advantage.

There is little agreement on the processes commonly at work in institutional entrepreneurship and the ways in which these play out in different contexts. However, without some measure of agreement on the specific mechanisms whereby institutional entrepreneurs effect change in different arenas, it is difficult to generalize about strategy and tactics, let alone the outcomes of attempts to disrupt the *status quo*. The actual work of institutional entrepreneurship in its fine-grained detail is often glossed over. What is missing is research on collective

endeavours, on emergent processes involving a range of actors in building momentum for institutional change (Aldrich, 2011; Maguire, Hardy and Lawrence, 2004; Lawrence and Phillips, 2004). It is in this aspect that Bourdieu's construct of the field of power adds value to the theory of institutional entrepreneurship. Here the emphasis is on interactions between elite actors with different types and amounts of capital who combine their efforts to press for institutional change (Harvey and Maclean, 2008). In what follows, we build on Bourdieu's ideas to identify three processes of institutional entrepreneurship – field formation, coalition building and rhetorical agency – at work in early phase globalization, when home-country firms seek to extend their operational reach into multiple host countries.

The historical research conducted to refine our thinking on institutional entrepreneurship and early phase globalization is focused on the role played by Conrad Hilton with others at home and abroad in the emergence of the global hotel industry between 1946 and 1967 (Maclean, Harvey, Suddaby and O'Gorman, 2018). In 1946, the hotel industry was highly fragmented, nationally and internationally, with low concentration ratios and few recognized brands or chains. Today, the industry is concentrated and globalized, heavily branded, and dominated by large enterprises with multiple sub-brands competing in different market segments (Contractor and Kunda, 1998; Davé, 1984; Dunning and McQueen, 1981). We show that this transition was the outcome of collective endeavours by business, political and social elites focused on the twin goals of economic prosperity and political stability. Hilton rose to prominence within the field by generating and applying the social, symbolic and cultural capital needed to secure the support of stakeholders at home and operate effectively within host-country fields of power (Harvey, Maclean, Gordon and Shaw, 2011). Our study begins with the formation of the Hilton Hotels Corporation (HHC) in 1946, when the Western world was under threat from the political and military expansionism of Soviet Russia (Merrill,

2006). In this context, Hilton carved out market-leading positions for his hotels at home and abroad, notably through the incorporation in 1948 of Hilton Hotels International (HHI) as a wholly-owned subsidiary of HHC. Hilton sought to expand the boundaries of the luxury hotel business into uncharted territory through a global strategy that identified the quest for world peace and prosperity with hotel construction. In doing so he engaged in pioneering entrepreneurial processes of global diffusion of rationalized management templates. His success led to the flotation in 1964 of HHI as an independent company listed on the New York Stock Exchange (NYSE), the Hilton International Company (HIC). In 1967 HHI merged with Transworld Airlines (TWA), which grew as an operationally independent subsidiary of its new parent.

In examining the role of Conrad Hilton as an innovative entrepreneur engaged with others in multidimensional activities in the field of power, we pose two guiding research questions. First, what are the core processes of institutional entrepreneurship practised by Hilton in actualizing his vision of a globally connected hotel field? In short, what did it take to get the new field going? Second, alert to the importance of context to entrepreneurial endeavour, how far were these processes modified to suit transnational fora? In what follows, we review the literature on institutional entrepreneurship in the context of the field of power, exploring the role of rhetorical legitimacy seeking in creating a new industry. The next section is methodological, explaining our research process and documentary sources. In our empirical section, we draw on rich archival material to explore the entrepreneurial processes of field formation, coalition building and rhetorical agency that Hilton employed to drive the political and organizational ‘horizon of expectation’ (Koselleck, 2004: 255) and achieve desired outcomes. We discuss our findings and consider their implications for the theory and practice of institutional entrepreneurship within the field of power.

Institutional entrepreneurship and industry emergence

Institutional agency and the field of power

Drawing on the work of Eisenstadt (1980), DiMaggio (1988) conceptualized institutional entrepreneurship as a means of bringing agency back into the study of institutional change (Battilana, Leca and Boxenbaum, 2009; Garud, Hardy and Maguire, 2007). DiMaggio argued that institutional accounts had neglected the role of agency, disregarding the lived experience of individual agents who perform institution building. More recently, other commentators have suggested that this absence of individual actors from institutional research persists (Lawrence, Suddaby and Leca, 2011), echoing the charge made by some entrepreneurship scholars that researchers overlook the behaviour of actual entrepreneurs (Meyer, 2009; Zahra and Wright, 2011).

Institutional theory similarly fails to recognize the importance of power in institutional processes (DiMaggio, 1991). Yet to instigate new institutional arrangements requires power as well as agency. Despite widespread familiarity among institutional theorists with the theoretical universe constructed by Bourdieu (1990; 1993), researchers have largely failed to engage with the concept of the field of power, according insufficient scrutiny to how in practice ‘institutional entrepreneurs define, legitimate, combat or coopt rivals, and succeed in their institutional projects’ (Rao, 1994: 41). The field of power and its configuration are critical to institutional entrepreneurs, who draw on their interpersonal skills to form elite coalitions and interact with diverse types of resource holder, including local authorities, dignitaries or government agencies, whose support they require and with whom they must build alliances, often in highly ambiguous contexts (Maclean, Harvey and Chia, 2010). This applies especially to those entrepreneurs operating in nascent industries that suffer the ‘liabilities of newness’ (Aldrich and Fiol, 1994: 663). Learning to interact skilfully in the field

of power can enhance an actor's status and positioning within an organizational field. Adept interaction entails framing and directing agendas while allowing others to believe they are in command of shared collaborative action to create a new type of value (Fligstein, 2001). Such processes determine allocative outcomes by influencing 'the reward structure in the economy', and are inherently political, eliciting the backing of internal and external constituencies (Baumol, 1990: 894).

This chapter brings together the concepts of institutional entrepreneurship and the field of power to explore them in conjunction with a rich empirical case. Given that the rules of entrepreneurship vary from context to context (Baumol, 1990), and that entrepreneurs 'respond differently to the incentives provided by formal institutions depending on different cultural settings' (Li and Zahra, 2012: 95), it follows that the field of power is likely to be subject to varying influences and constraints, hence differently configured, when couched in diverse geographic locales and legal jurisdictions (Lamoreaux, Raff and Temin, 2007).

Reputation is socially constructed and is linked to the relative standing of an actor or organization in the opinion of relevant stakeholders, which vary according to geographic locality (Rindova, Williamson, Petkova and Sever, 2005). Reputation is therefore open to manipulation by means of the selection and exchange of information through the exploitation of media channels, the cultivation of celebrity, and the dissemination of narratives in selected contexts (Guthey, Clark and Jackson, 2009; Rindova, Pollock and Hayward, 2006).

Rhetorical legitimacy seeking

Barthes (1978) writes that language is power, but that we misrecognize it, perceiving it instead as something neutral. In an organizational world that is increasingly 'text laden' (Suddaby and Greenwood, 2005: 61), it makes sense that discourse is formative of new institutional realities,

and that the agentic use of narratives might be instrumental in the processes that facilitate the emergence of new industries (Lawrence and Phillips, 2004; Munir and Phillips, 2005).

Entrepreneurs who aspire to create a new industry have to work with the existing institutional environment within which their ideas are situated, while reframing it (Hargadon and Douglas, 2001). The activities of entrepreneurs with large-scale ambitions are located within broader societal discourses, with which they must resonate to attract resources and legitimacy (Downing, 2005). The accounts entrepreneurs purvey perform a crucial task in smoothing the processes that facilitate the establishment of new industries (Martens, Jennings and Jennings, 2007). The route to instigating a new industry lies not only in the employment of social skill but also in the use of rhetoric and persuasion that influence access to resources (Rindova et al., 2006). In seeking to create a new global hotel industry consonant with US values in an uncertain environment, Hilton may be seen to engage in ‘rhetorical institutionalism’ (Greene, 2004). Green and Li (2011: 1662) define this as ‘the deployment of linguistic approaches in general and rhetorical insights in particular to explain how institutions both constrain and enable agency’.

Hilton’s agentic form of rhetorical institutionalism might be described more accurately as ‘rhetorical agency’ (Geisler, 2009): ‘a communicative process of... advocacy on issues of public importance’ (Greene, 2004: 188). Rhetorical agency entails the deployment of arguments to persuade others of the correctness of a proposition or course of action.

Charismatic entrepreneurs deploy rhetorical techniques to alter social norms. Rhetorical agency can help construct social reality as leading players in a given organizational field wrestle for the right to determine meaning (Berger and Luckmann, 1966). In this sense it is an overtly political process, whereby politically motivated symbolic accounts that combine fact with fiction are advanced for legitimation purposes, amplifying desirable features of the focal

actor or organization in the minds of resource holders while downplaying others. Rhetorical agency can thus enhance the reputation and competitive advantage of an organization by emphasizing its distinctiveness in the eyes of relevant constituencies (Rindova et al., 2006).

The need to make an organization prominent and identifiable is all the more acute in unstructured situations of industry emergence, where institutional entrepreneurs are concerned with ‘framing the unknown in such a way that it becomes believable’ (Aldrich and Fiol, 1994: 651). Founders who employ narratives couched in symbolic language are likely to acquire legitimation more swiftly than those who do not (Maclean, Harvey and Chia, 2012). Stories form the ‘currency of communications to a wider public’ and have the capacity to elucidate events and phenomena, enabling a persuasive vision of an emergent field to be articulated to build credibility (Aldrich and Fiol, 1994: 652). Once a convincing frame has been conceived, institutional entrepreneurs employ their social and narrative skills to advance that frame and its attendant social order (Fligstein, 2001). However, social reality is not constituted by *individual* texts or stories in isolation but by a *corpus* of texts, produced in physical form and made available to wider publics (Maclean, Harvey, Golant and Sillince, 2020; Taylor, Cooren, Giroux and Robichaud, 1996). Thus, essential to the instigation of a new industry are ‘structured collections of texts’ that are ‘inscribed – spoken, written, or depicted in some way’, which inform the norms that mould opinions and interpretations of actors in the wider field (Phillips et al., 2004: 638, 636).

The rhetorical strategies of institutional entrepreneurs are bound up with dynamic processes of legitimation and delegitimation (Erkama and Vaara, 2010). To be deemed legitimate, the activities of a new organization, industry or field must be recognized as ‘desirable, proper, or appropriate’ within a broader societal value system with which they are consonant (Suchman,

1995: 574). Hence rhetorical strategies comprise ‘the deliberate use of persuasive language to legitimate or resist an innovation by constructing congruence or incongruence’ (Suddaby and Greenwood, 2005: 41). Institutional entrepreneurs who promote accounts that conform to wider canonical discourses are more likely to attract legitimacy and influence outcomes in accordance with their interests than those who do not. Through rhetorical legitimation strategies, ‘skilful cultural operatives’ (Rao, 1994: 31) elicit commitment from diverse audiences to legitimate particular projects. The stories they tell are also performative (Goffman, 1959). In this regard, empirical research that explores the link between symbolic action in the form of public speeches and material outcomes in the field of power, including resource acquisition and market penetration, are lacking. This chapter helps to address this gap.

Research process

The methodology employed here, in keeping with the motivation of this edited collection, is that of historical organization studies: organizational research that draws extensively on historical data, methods and knowledge to explore, refine and develop theoretical ideas and conceptual insights (Maclean, Harvey and Clegg, 2016; 2017). Research of this type seeks to enrich understanding of historical, contemporary and future-directed social realities through analysis of the emergence, transformation and meaning of organizational and institutional phenomena (Maclean, Harvey, Sillince and Golant, 2014; 2018). Fieldwork sites are selected primarily on the basis of the availability of subject relevant data sources and the ‘rich, real-world context in which the phenomena occur’ (Eisenhardt and Graebner, 2007: 25). To examine historical cases over an extended timeframe allows the life cycle of the focal organization to be studied in its entirety, set in historical context over the *longue durée*, with the benefit of historical perspective (Braudel, 1980). In this case, we set out to locate archival data on pioneering entrepreneurs involved in early phase globalization in the decades

following World War II. We were drawn to Hilton given the pre-existing research interests of one team member aware of his role in the internationalization of the US hotel industry. Our choice was confirmed on gaining access to his extensive personal and business records. Hilton's public speeches, personal and business papers and private letters conjure up a coherent 'symbolic universe' (Rao, 1994: 31) conducive to exploring the link between symbolic action in the form of published scripts and outcomes in the field of power (Santos and Eisenhardt, 2009). The richness of the archival material upon which we draw permits exploration of processes of industry emergence (Rindova and Kotha, 2001), under-investigated in the literature.

The Hilton papers held at the University of Houston are extensive, comprising printed series of president's letters, annual reports and accounts, a large collection of photographs and miscellany, an oral history series, and 345 boxes of business and personal papers containing about 4,500 folders, most with multiple documents. The archive is only partially catalogued. Extensive searches are required to collate documents relating to particular topics. Our own search strategy, executed during two extended visits by three researchers, focused on gathering data relating to the development of HHI/HIC from the incorporation of HHC in 1946 to Hilton's withdrawal from day-to-day management in 1969.

On return from Houston, we classified all material collected from the archive according to its purpose and subject matter. We took an early decision to examine the data from the perspective of institutional entrepreneurship and the emergence of the global hotel industry. We organized and interrogated the data with a view to uncovering the entrepreneurial processes at play to overcome resistance to the creation of a multinational organization. We searched for longitudinal patterns in the documentary record while engaging in deductive

theorizing. We extracted data relating to hotel negotiations, costs, ownership, project development and key protagonists, enabling us to explore issues relating to entry barriers, market access, and fields of power (see Table 9.1). We classified and coded each of 62 public speeches given by Conrad Hilton between 1950 and 1965, enabling us to isolate recurrent themes, arguments and rhetorical techniques (Berg, 2009).

Further readings led to our identifying three core entrepreneurial processes at play. These are field formation, coalition building and rhetorical agency. Early phase globalization is facilitated by institutional changes in home and host countries. We therefore consider how these processes were applied both nationally and transnationally in terms of transferring Hilton's repertoire into host countries (Drori, Honig and Wright, 2009: 1008; Li and Zahra, 2012). *Field formation* has to do with imagining and identifying a new business model that yields competitive advantage, enabling first-movers to profit from early intervention (Agarwal and Braguinsky, 2015). We define field formation as *the process of shaping operational logics and common practices within the field*. *Coalition building* concerns forming and exploiting elite relationships and assembling resources to realize a particular vision while maximizing capital, power and standing (Baumol and Strom, 2007). This entails *closely associating influential actors with the ambitions of the organization*. *Rhetorical agency* involves legitimizing new markets and practices to convince stakeholders of the virtues of innovative templates and practices. In early globalization the intention is to convince domestic stakeholders, including shareholders, financiers, customers and political leaders that setting up operations abroad is desirable and legitimate. In host countries, the aspiration is to reduce resistance to access by suggesting that all parties share cognate values and goals. Rhetorical agency in a transnational context therefore entails the use of discourse to achieve value congruence, aligning host communities with the beliefs and objectives of

foreign-owned ventures and ways of doing business (Greene, 2004; Lounsbury and Glynn, 2001; Martens et al., 2007).

Institutional entrepreneurship in practice

The empirical focus of this chapter is the emergence in the two decades after World War II of the global hotel industry, now dominated by large multi-chain, multi-brand corporations including Accor, Hilton Worldwide, InterContinental and Marriott International that compete across multiple segments of the market (Dunning and McQueen, 1981). Branded hotel chains had existed in the US and Europe before 1945, but on a relatively small scale and largely confined within national boundaries (Haynes, 1952; Rushmore and Baum, 2002). Following the incorporation of pioneering companies like Hilton (1946) and Sheraton (1947), the industry became progressively more concentrated, integrated and international (Contractor and Kunda, 1998). In the case of Hilton, domestic and international growth proceeded simultaneously. On incorporation in 1946, HHC brought together nine affiliated but independently owned and operated hotels (HIA, 1946). Incorporation and listing on the NYSE gave access to the capital needed to realize Hilton's vision of a worldwide hotel chain united by common standards and facilitated by advances in transport, communications, and organizational practices. In 1947 he entered into negotiations to lease and operate his first international hotel, the Caribe Hilton, owned and built by the Puerto Rican government to attract US tourists. HHI was incorporated in 1948 as a wholly owned subsidiary of HHC (HIA, 1948).

The landmark Caribe Hilton opened for business in 1949, but over the next few years domestic growth outran international growth. Hilton acquired his flagship property, the Waldorf Astoria hotel in New York, in 1949, and in 1954 he took over the 11 hotels in the

Statler chain (HIA, 1954a). New hotels were planned for under-provisioned major cities, and a new sub-brand chain of Hilton Inns initiated in 1957 introduced a new concept, the airport hotel (HIA, 1958a). Room capacity within the US quadrupled between 1947 and 1967. The pattern of growth at HHI differed markedly. Slow growth in the early 1950s was followed by a growth spurt in the later 1950s that accelerated into the 1960s. HHI was floated on the NYSE as an independent company in 1964 as Hilton International (HIC) (HIA, 1964a). HIC merged with TWA in 1967 to realize operational synergies (HIA, 1967), by which time it had nearly as many hotels as HHC and half its room capacity.

Field formation

The emergence of the global hotel industry as a new institutional field following World War II depended on proving and disseminating a raft of innovative business ideas, practices and standards (Davé, 1984; Dunning and McQueen, 1981). Institutional change is ‘the product of endogenous forces that are associated with the historical evolution of the field itself’ (Leblebici et al., 1991: 360). HHI was one of two pioneers responsible for the rapid formation of the field. The other was the InterContinental Hotel Corporation (ICH), a subsidiary of Pan American World Airlines (Pan Am) set up in 1947 to facilitate the development of tourism in Latin America (Davé, 1984). Both companies had the endorsement of the US government, which recognized its foreign policy goals might be furthered through private-sector involvement in international economic development (Davé, 1984; Djelic, 1998; Hilton, 1957; Wharton, 2001): Pan Am/ICH in Latin America, and Hilton in Europe under the aegis of the European Recovery Program (ERP) (HIA, 1961). Both companies recognized the impetus given to business travel and tourism by the competitive strength of US companies, rising US living standards, and increased market accessibility following advances in air travel. While establishing a nascent industry ‘is risky business under any conditions’ (Aldrich and Fiol,

1994: 645), HHI and ICH realized that the risks associated with hotel building abroad might be mitigated by securing host-country participation in local companies formed to build and harvest rents from hotel properties (Davé, 1984; Dunning and McQueen, 1981).

Hilton's international blueprint was formed in 1947 following an approach from the Puerto Rican government, keen to open a new hotel in San Juan to boost tourism. Constrained by the capital requirements of domestic expansion, Hilton proposed the hotel should be built and owned by the Puerto Rica Development Corporation (PRDC) to architectural and design standards set by HHI (Hilton, 1957). Entrepreneurial rewards are fundamental to industry evolution and determine the 'rules of the game' (Baumol, 1990: 907). On completion the hotel was leased to HHI by PRDC for 20 years, which was paid two-thirds of gross operating profit as rent. HHI provided the working capital to underwrite operations and received one-third of gross profit in exchange for entrepreneurial and management services (HIA, 1958b).

The Caribe Hilton was an instant commercial success, and for Hilton constituted an ideal type that he replicated in other international locations (HIA, 1964b). Entrepreneurs engaged in nascent ventures 'typically lack a clear view of industry structure', being without established patterns to follow (Maguire, Hardy and Lawrence, 2004; Eisenhardt, 2009: 644). However, conceiving a blueprint gave Hilton a model to replicate elsewhere, reducing uncertainty while enabling him to '*claim* a new and distinct market space' (Santos and Eisenhardt, 2009: 648). His international hotels were architecturally modern, offering a range of American comforts and services and occupying prime city sites. They stood out from the competition, embraced high standards and symbolized confidence in the future (Wharton, 2001), and were presented as mutually beneficial partnerships between host country and HHI (HIA, 1964b). The host country gained from the Hilton brand, operational expertise, group services like reservations

and marketing, employment opportunities, training and development of local staff, foreign currency earnings from tourism and business travellers, and improved local infrastructure (Porter, 2000). HHI gained by securing market access and opportunities for profit without risking large amounts of capital, creating the potential for rapid growth on a global basis (Dunning and McQueen, 1981).

ICH initially grew more rapidly than HHI by taking on management contracts with old hotels struggling for business. Management contracts, which paid the operator negotiated percentages of revenues and profit, had an advantage over leasing in not requiring provision of working capital and so were less risky. Reduced risk had to be traded off against profit potential and degree of control (DeRoos, 2010). ICH advanced by assuming management contracts for newly built hotels in partnership with host-country consortia, taking an equity stake, albeit reluctantly, in owning companies when necessary to secure the deal (Davé, 1984). HHI tried to stick to its policy of only contracting for new build hotels in choice locations on the profit-sharing lease-and-operate model, without equity participation in owning companies. This stance softened only in the late 1950s when Hilton's senior team at HHI persuaded him to negotiate management contract deals when 'flexibility in the matter is absolutely indicated', although he stuck to the view that the 'basic pattern of our contract is by now pretty well known ... a management contract will no doubt meet with resistance and suspicion' (HIA, 1959a: 1). Eventually, as the two competitors battled to secure deals between themselves and new entrants like Sheraton, the management contract model became the norm (DeRoos, 2010; Garud, Jain and Kumaraswamy, 2002). HHI moreover was obliged to relax its no equity participation stance to secure operating rights in prestigious locations like London, Paris and Brussels (HIA, 1965).

At home, Hilton's directors and stockholders were alert to the dangers of operating overseas, especially in the war-ravaged countries of Europe (Hilton, 1957; Magdoff, 1969). Risk aversion, according to Curt Strand, former President of HIC, was pronounced at HHI, confirmed by the expropriation of assets following the 1959 Cuban revolution (HIA, 1992; HIA, 1993). Only when early ventures proved successful did the appetite to move more quickly increase; underlining the importance of early wins (Rao, 1994). Yet gaining access to host-country markets was not straightforward. Entry barriers, the height of which was determined by differing combinations of political and competitor resistance, had to be surmounted. Political resistance assumed many forms and included withholding permissions to operate, planning restrictions, currency and other controls (HIA, 1950a; HIA, 1951; HIA, 1954b; HIA, 1959b). Competitor resistance took the form of political lobbying to deny market entry and subversive measures to restrict access to resources including sites and finance (HIA, 1964c). In EMEA, the higher the barrier to entry, the longer it took to get a project started (see Table 9.1). In capital cities where suitable sites were scarce and competitor resistance was acute, early wave projects often stalled for years before permissions were granted and controls relaxed. When competitor resistance was high but government was anxious to secure a new American operated hotel, as in Berlin, projects progressed more speedily. If competitor resistance was negligible and the host government positive, as in Spain and Turkey, early phase projects progressed apace (Rosendorf, 2014; Wharton, 2001). The same pattern persisted in the second wave of project development at HHI. What was different now was that economic growth had generated a higher level of prosperity, and host governments and investors were increasingly familiar with the Hilton business model and the benefits it afforded (Porter, 2000). Playing host to US-operated hotels that brought tourists and business travellers in their wake had become the norm (Rao, 2004),

emblematic of ‘the cumulative way in which entrepreneurial activity plays a role in reshaping the larger environmental context’ (Aldrich and Fiol, 1994: 647).

<Table 9.1 Here >

Coalition building

Critical to the emergence of a new global industry is access to markets and resources in host countries (Huntingdon, 1973). In 1948, at the behest of the European Cooperation Agency (ECA), charged with implementing the ERP, Hilton travelled to Europe to assess the possibilities for building new hotels on the profit-sharing lease-and-operate model pioneered in Puerto Rico. He witnessed economic dislocation in London, Paris, Rome and Madrid, but reasoned that with US financial and technical support the European economy would improve (Hilton, 1957). He had recruited John Houser the previous April as executive vice-president charged with growing HHI (HIA, 1958c). Houser remained in post until 1958, when his responsibilities ceded to Bob Caverly, assisted from 1961 by Curt Strand. In 1964 Strand replaced Caverly as Vice-President when HHI morphed into HIC (HIA, 1992). As Aldrich and Fiol (1994: 649) stress, the ‘sites within which renegotiations of meaning take place’ are social contexts, and the reports and letters from Houser, Caverly and Strand to Hilton, and Hilton’s personal correspondence, provide rich data on how these actors deployed interpersonal skills to gain access to host countries around the world. A standard pattern emerged. At home Hilton was assiduous in alliancing with politicians, officials and business leaders with a common interest in opening up new markets (HIA, 1960a). They would exert subtle pressure in host countries to help resolve problems. In Istanbul and Berlin, ECA officials and diplomats in Washington and in-country worked hand-in-glove with local politicians and officials to bring projects to fruition (HIA, 1950b; Wharton, 2001: 77-80). Within host countries, a similar alliancing strategy prevailed. To overcome obstacles and

affect institutional change, HHI/HIC formed elite coalitions to incorporate subsidiaries, acquire choice sites, secure building and operating permits, form financial consortia, reach agreement for the remission of profits, procure import licenses, access foreign currency, and a host of other matters, some of which required legal or regulatory changes (HIA, 1950a; HIA, 1951; HIA, 1954b; HIA, 1959b). Interacting with host-country elites proved a powerful legitimating strategy, enhancing the organization's reputation while improving access to local resources (Rindova et al., 2005). In countries where power was concentrated, issue resolution was relatively straightforward; as in Iran where the Shah gifted a large tract of land for the hotel and a top official, Jeafar Behbehanian, was assigned to smooth the way for Hilton (HIA, 1959c). In countries where power was more diffuse and factions vied for control, like Italy, progress was stuttering. Here, pressure from US officials and Pietro Romani, Italy's High Commissioner for Tourism, helped win project approval in 1954 after four years of negotiation, but even then repeated obstructions delayed completion until 1963 (HIA, 1954b).

In EMEA, where HHI/HIC opened 19 hotels between 1953 and 1967, the general strategy of forming elite coalitions to overcome difficulties within host countries was attuned to local circumstances. Hilton successfully implemented his preferred lease-and-operate model in a large majority of cases. The attractiveness of the Hilton brand gave him reputational advantage and negotiating power with high-status actors that he exploited to good effect. This advantage diminished as new competitors like Sheraton entered the field (Davé, 1984). In a large majority of countries Hilton avoided making a significant capital investment to add a new hotel to the HHI/HIC chain. Host governments and business elites preferred local ownership because it gave them a secure long-term stake in the action. For governments, the main benefits stemmed from tourism and business travel boosting economic growth, local employment and the balance of payments (Behrman, 1971). For business elites, it provided a

platform for the future within the hotel industry while integrating them into the emerging global community of capitalism. The exceptions came in developed European countries still reeling from war where capital was scarce. In London, where the Board of Trade held final say on major capital projects, it was only when Hilton's partners, Charles Clore and Jack Cotton, persuaded him to make an equity investment in the owning company that the deadlock was broken (HIA, 1963a). The same applied in Paris where agreeing to finance the Hilton Inn at Orly Airport finally secured the prize of a downtown hotel funded by a consortium led by property developer Joseph Vaturi (HIA, 1960b). London and Paris, like Brussels where Hilton financed the entire project, had such positive profit forecasts that Hilton abandoned his scruples on investing capital overseas (HIA, 1963b).

Rhetorical agency

Conrad Hilton prized effective communication. He courted celebrity, and throughout his career was aware of the value of good publicity in creating business opportunities while predisposing key audiences in his favour (Gamson, 1994). He was meticulous in managing his image as a prayerful patriot who prized American democratic values, free enterprise and the right to own property (Rindova et al., 2005). The story he told of himself was of a man who kept his word, who was striving to improve the world not just for his own benefit but also for others, at home and abroad (Hilton, 1957). His self-narrative chimed with the moral values of core constituencies (Fligstein, 2001). The scripts he propagated drew on the legitimating 'macro-cultural discourse' of the 'American dream' (Holt, 2004). He attributed his success to the self-reliance that stemmed from the Catholic faith instilled in him by his mother, and to being raised in a large frontier family in New Mexico. In his autobiography, *Be My Guest*, and biographical notes issued on demand to the media (HIA, 1954c), he

portrays himself as a man of his times, inviting readers to react to him positively as a protagonist at the centre of the epic drama of US history.

As a public figure, Hilton attained his apogee in the 1950s. He was identified as ‘the man who bought the Waldorf’ and after acquiring the Statler group in 1954, as ‘the greatest hotelier in the world’ (Hilton, 1963c). He enhanced his prominence by being photographed with royalty, political leaders, the Pope, film stars and high-status actors (Rindova et al., 2005). He derived prestige from playing host to President Eisenhower and other US political leaders at Washington prayer breakfasts, and the famous prayer he authored, *America on Its Knees*, was circulated throughout the US in magazines and newspapers (HIA, 1954d). His life story featured in *Time* magazine. In short, through a skilful blend of public relations and symbolic association, Hilton engendered the ‘social proof’ that marked him out as a glamorous figure at the head of a successful company leading the way in forging the global hotel industry (Rao, Greve and Davis, 2001).

Celebrity provided Hilton with the requisite platform to exercise rhetorical agency (Gamson, 1994). He was in demand as a public speaker and through his speeches had the opportunity to influence public opinion at home and abroad. Between 1950 and 1965 he gave 62 speeches, many of which were printed, circulated and reported in newspapers. The longest and most dramatic speeches, 28 with a mean length of 3,000 words, were overtly political. The remainder, including 21 hotel openings, were shorter (mean length 1,500 words) and less contentious.

In his political speeches, Hilton emphasized five core themes, which together made a consistent, distinctive argument on how to defeat communism. Three of these themes were

derived from the contemporary discourse of anticommunism (Haynes, 1996; Heale, 1990). The need to combat Soviet expansionism echoed the Truman doctrine (Merrill, 2006); the case for US economic aid to distressed European economies restated that made to Congress in support of the ERP (Stanford, 1982); and the notion that US companies should become agents of international economic development was supportive of the urgings of the US government (Djelic, 1998; Magdoff, 1969). Two of Hilton's themes, however, had greater specificity. First, he identified hotel development as a potent weapon in the fight against communism (Rosendorf, 2014). Hotels boosted travel, trade, communication and cooperation across national boundaries and should be welcomed as a force for economic integration, peace and unity. 'World peace through international trade and travel' became HIC's strapline, and the theme became a favourite not just of Hilton's political speeches but also of hotel openings at home and abroad, whose launch events helped legitimize the emergent field in the minds of influential third parties (Rao, 1994; Rindova et al., 2005). Second, Hilton urged that the struggle against communism was ideological. He followed the Catholic Church in denouncing communism as 'faithless', standing in monolithic opposition to those who cherished individual freedoms (Haynes, 1996). This led him to identify all communities of faith as potential allies irrespective of national differences in governance, institutions and culture (Rosendorf, 2014).

Communication is fundamental to institutionalization (Suddaby, 2011). In Hilton's case, rhetorical agency functioned as an indirect but critical process of institutional entrepreneurship (Green and Li, 2011). It differentiated Hilton from his competitors by distinguishing him as a visionary leader committed to a noble cause, enhancing his social capital and helping convince others of the wisdom of investing in hotels, travel and tourism. At home, he won the support of fellow directors, investors, politicians and officials for

investment in foreign hotels in politically high-risk countries. It is noteworthy that substantial funding was provided by the ECA to build Hilton hotels in Istanbul (\$2 million; 30% of cost) and Berlin (\$4.5 million; 65% of cost) on the perceived ‘front line’ against communism (HIA, 1950b; Wharton, 2001: 70). In host countries, the messages conveyed in Hilton’s speeches resonated with assorted political and business leaders, and in EMEA HHI was treated preferentially over rivals InterContinental and Sheraton. His framing of the struggle against communism as opposition to faithlessness found favour in disparate regimes. In Iran, the Shah personally selected Hilton as a business partner, and in Egypt he had the support of General Nasser following his overthrow of the monarchy in 1952. Rhetorical agency helped dissipate host-country concerns about US omnipotence by focusing on a common enemy, shared values, and the mutual benefits of hotels, tourism and business travel.

Discussion and conclusion

This chapter brings together the concepts of institutional entrepreneurship and the field of power, exploring them from the vantage point of a rich historical case. This reveals how Conrad Hilton, together with other elite actors at home and overseas, helped construct and legitimize the emergent global hotel industry, best depicted as an episode of collective agency in which Hilton played a leading role.

At the outset, we posed two research questions. The first relates to the core entrepreneurial processes of institutional entrepreneurship employed by Hilton in enacting his vision of a globally networked hotel industry. In answer, we propose that three key entrepreneurial processes proved critical to the emergence of the new industry: field formation, coalition building, and rhetorical agency. Our second question relates to the adaptation of these processes when implemented transnationally.

In terms of field formation, we have demonstrated that Hilton, constrained by the risk aversion and domestic priorities of his board, developed a new template of multinational hotel company development, the profit-sharing lease-and-operate model, helping to shape the emergent global hotel industry by allying local ownership with international branding. In this regard, Hilton is really one of the first entrepreneurs to engage in processes of global diffusion of rationalized management templates, coordinating activities through cross-border exchanges and interactions. He varied his repertoire or ‘tool kit’ so that each hotel exuded its national cultural heritage while achieving agreed specifications, uniting American and host-country architects and designers in joint project teams to blend the modern and luxurious with indigenous styles (Drori et al., 2009; Wharton, 2001). Time to opening varied by size of entry barriers encountered (see Table 1). In terms of coalition building, we have shown that domestically Hilton collaborated with airlines, travel companies and influential third parties. In a cross-border context, he engaged in each case with a unique set of networks and relationships involving host-country politicians, officials and business elites to secure market access. Finally, with respect to rhetorical agency, we have shown how the scripts Hilton propagated enabled him to impose a coherent vision that resonated with American societal values. Legitimacy claiming entails ‘targeted and even manipulative rhetoric’, within which repetition forms a powerful legitimating mechanism (Erkama and Vaara, 2010: 817). The five key themes that Hilton underscored in speeches, letters and prayers forged a consistent vision of a ‘symbolic universe’ imbued with meaning, which stakeholders were invited to buy into (Rao, 1994: 31). Domestic stakeholders were encouraged to see international hotels as playing a vital role in fostering free enterprise and democracy and forming a key plank in the battle against communism (Rosendorf, 2014). Stakeholders abroad were invited to recognize international hotels as a vital means of economic development and prosperity. Individual speeches were tailored to their audiences. The core messages, however, remained constant,

marrying symbolic association with public relations in a manner that confirms Aldrich and Fiol's (1994: 666) insight that the 'social construction of organizational reality involved in building a new industry requires meaning making on a grand scale'. The symbolic action of rhetorical agency paid dividends in terms of actual outcomes in diverse fields of power.

Hilton's interpretation of the uncertain times in which he lived was crucial to his agency. The extensive meaning-making in which he engaged helped reduce ambiguity in unpredictable environments, as demonstrated by the extraordinary proliferation of hotels in disparate parts of the world.

Our study makes a contribution to theory by bringing together the concepts of institutional entrepreneurship and the field of power to explore their role in the emergence of a new global industry. Skilful actors are continuously 'pushing the limits of current rules that produce order' (Fligstein, 2001: 117). Key to realizing Hilton's vision of creating a global hotel industry to promote economic integration by supporting business travel and tourism was the need to construct markets across borders. A core insight of Santos and Eisenhardt (2009: 645) is that 'power is the unifying boundary logic'. The cross-border nature of our study enables us to explore the field of power not as a single, relatively abstract entity as it is often presented (Bourdieu, 1993; 1996), but rather as plural and variegated in the form of multiple, actual *fields of power* couched within different regimes and jurisdictions in which Hilton flexibly forged alliances with powerful others. He did so by tailoring his approach to the field of power in question, partnering with private and public entities while retaining the same template. Our case therefore underscores the fact that the composition of actors in any field of power – local, national or transnational – varies by prevailing governance regime, requiring adaptability from institutional entrepreneurs who engage with them. The multidimensional nature of diverse fields of power was heightened because they were further differentiated by

their need and desire to attract American business, such that less developed countries displayed greater alacrity in welcoming Hilton's overtures than more developed ones. The implications of our research into Hilton's overseas activities are that our understanding of the field of power requires reconceptualization as something altogether more pluralistic, multidimensional and specific than commonly presented. Our research therefore adds to the work of Santos and Eisenhardt (2009) in underlining that power in general and the field of power in particular manifests differently in ambiguous settings, exacting differing responses from entrepreneurs.

We have also sought to make a methodological contribution in this chapter. The longitudinal nature of our study enables us to view Hilton's entrepreneurial activities holistically, set in their historical context. As Suddaby and Greenwood (2009: 186) argue, 'institutions are the outcome, not of discrete choices between alternative arrangements, but rather of long stretches of sedimentation in which the overt features of an organizational form are the product of complex layers of historical conflicts, crises and erosions'. Viewing the global hotel industry in historical perspective casts light on the manner in which it developed in the long run, emphasizing articulations and connections. This is especially valuable in a situation of industry emergence and evolution, affording fresh insights which might be lacking in an ahistorical account. Our view is that there is a place for in-depth historical cases, carefully selected and contextualized, as a source of fresh theoretical insights and construct development; micro observation proving critical to macro understanding. Hilton's role as an institutional entrepreneur in helping forge the global hotel industry, we suggest, warrants this level of attention.

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Table 9.1: Entry barriers and time to opening in EMEA*

Hotels and year of project initiation	Entry barriers	Time from project initiation to hotel opening		
		First wave (initiated 1948-55)	Second wave (initiated 1956-63)	Total number
Athens (1950), London (1952), Rome (1950), Paris, Brussels	High	N = 4 Mean = 152 months	N = 1 Mean = 81 months	5
Berlin (1954), Cairo (1952), Tehran (1954), Amsterdam (1954), Rotterdam (1954), Paris Orly Airport (1959), Kuwait (1961)	Medium	N = 5 Mean = 84 months	N = 2 Mean = 74 months	7
Madrid (1948), Istanbul (1950), Tunisia (1960), Tel Aviv(1960), Rabat (1961), Cyprus (1962), Malta (1963)	Low	N = 2 Mean = 54 months	N = 5 Mean = 59 months	7
Overall mean scores		103.4 months	65.6 months	N=19 Mean = 87.5

*Europe, the Middle East and Africa.