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**A foreign hotel in London – the history of Hilton’s negotiation of legitimacy in  
the ‘swinging sixties’**

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## **ABSTRACT**

Whilst theories of business internationalisation assert that foreignness poses challenges to multinational companies' subsidiaries operating abroad, historical study of Hilton International's expansion in the 1960s suggests otherwise.

In its early internationalisation Hilton International transferred abroad its institutional ownership advantages including corporate philosophy and culture; its practices, policies, processes and work systems and product design. Despite claims of social embeddedness, the London Hilton was perceived to be a typically American hotel. Analysis of Hilton's expansion strategy suggests that the company used its foreignness as a differentiating factor.

This paper contributes to the limited business history research in the area of internationalisation and knowledge transference. Historical analysis of Hilton's internationalisation contradicts the institutionalism's assumption that multinationals must adapt to local institutional settings. This paper enhances the notion that playing the 'foreignness' game can lead to comparative global advantage.

## **INTRODUCTION**

The Twentieth Century saw a tremendous and rapid shift in the hotel-keeping industry. Historical events, social changes and technological developments have all contributed to the fact that travellers today can stay in their chosen brand of hotel wherever they travel in the world and that the latter in particular has enabled the development of more professional, standardised and strategic hotel-keeping. This study explores the role of the London Hilton hotel as a precursor of these trends by investigating its negotiation of legitimacy in the 'swinging sixties'.

The early Twentieth Century's grand hotel market was dominated by properties owned by wealthy individuals and managed by skilled hoteliers. Names such as Cesar Ritz, Auguste Escoffier and Rosa Lewis are still considered to be legends in the field of hospitality. However, today even the most renowned hotels including the Savoy, Claridge's and Waldorf-Astoria in New York are managed by multinational hotel companies. This shift has been greatly facilitated by the process of globalisation. The increasing movement of people, capital and information enabled by technological advancements have all contributed to the opening of new markets and have eased entry to the diversified hotel trade (King 1997). This, in turn, led to the increased standardisation of business practices (Geppert and Williams 2006). On the other hand, there are scholars who assert that globalisation has not actually led to homogenisation of business practices, but that practices in companies around the world have been Westernised (Scholte 2005). The American influence in particular is believed to have contributed to the way many multinational firms, including hotel companies, are run. Amatori and Colli (2011: 84) suggest that Nineteenth Century's America was 'about to become the first nation of mass consumption'. As the mass consumption spread across the world, so has the American style of hotel-keeping and management. The trend towards Americanisation of

Europe was even more evident in the decades following the Second World War, when American businesses were actively involved in the economic aid provided by the Marshall Plan (Schröter 2005).

The 1960s is a particular time in London's history when conservative society began shifting towards what became known as the 'swinging sixties' (Sandbrook 2006). This decade saw not only the influx of American companies, but also the increasing receptiveness to American lifestyle by the public in both London and Europe at large (Kroes 2007, Bonin and de Goey 2009, Gassert 2012). This stemmed mainly from the economic differences between Europe, recovering from the impacts of the Second World War, and America which was affected by the War to a much lesser extent. In light of these social and economic changes The London Hilton was the first branded American hotel chain to open in London, symbolising the new era of modernity and 'brand culture' (Schroeder and Salzer-Mörling 2006). There is an argument that hospitality service providers, whether in domestic or the commercial domain, possess a certain level of control and the power to exercise their own rules over guests (Lashley and Lynch 2013). Bearing this in mind, the concept that Hilton brought with it modern American ways of hotel keeping and enforced them on guests and the local hotel market appears noteworthy.

This research fills a certain gap in previous research on the history of hotel-keeping. There is a wealth of research on the Nineteenth and Twentieth Centuries' grand hotels with scholars analysing historical developments of these hotels (see: White 1968, Borer 1972, Taylor and Bush 1974, Sheppardson 1991, Groth 1994, Taylor 2003, Dolkart 2005, Sandoval-Strausz 2007, Berger 2011) and biographies of their managers and founders (see: Miller 1968, Nickson 1997, Turkel 2009). Bowie (2015) raises the issue of public debate as to the standard and price of English hotels in the Nineteenth Century which highlights the service gap between English and American hotels at the time. The history of modern hotel-keeping,

however, is rather fragmented and the rapid expansion of hotel multinationals is not yet entirely comprehended. Quek (2007) studied mergers and acquisitions amongst hotel multinationals and Wharton (2001) explored Hilton's internationalisation from an architectural and design perspective. Other studies have focused on strategic decisions as to internationalisation (Roper 2015) but with little application of an historical perspective. Books have been commissioned by hotel multinationals including Intercontinental and Hilton Worldwide (Potter 1996 and Augustin 2013, respectively) but these tend to provide a general historical overview and celebrate these companies' heritage rather than engage in conceptual discourse about internationalisation. In the light of previous research, there is a need for historical research into the early expansion of modern hotel companies. There is also lack of business history research seeking to explore the growth of a company from the perspective of its subsidiary. Such a specific angle provides an opportunity for the study of multiple contexts affecting the subsidiary, ranging from its parent company to the external environment of its host location. This approach also sets the case in a very specific historical context which allows in-depth analysis of the state of its foreignness and the ability to negotiate legitimacy. This paper aims to fill the gap in existing business history literature on the development of modern hotel companies by studying the entry of Hilton Hotels onto the London hotel market and investigating its efforts to negotiate legitimacy in the context of dynamic changes of the 'swinging sixties'.

This article is divided into four sections. The subsequent part provides the theoretical underpinning to this study. It introduces and explores the concepts of legitimacy and foreignness in respect to multinational companies. The focus then shifts to the empirical design of research methods applied in this study. The remaining two sections present key findings in a narrative form as well as discuss their relevance in light of previously reviewed

literature. The article concludes by offering suggestions as to possible ways of moving the debate about foreignness of multinational companies forward.

## **THEORETICAL UNDERPINNING**

This research studies the concept of foreignness of a multinational company multiply-embedded in the contexts of its parent firm and the host country in which it operates. Such focus makes it imperative that two key theoretical paradigms are adopted in this research, namely institutionalism and the resource-based view of the firm. Applying institutionalism in discussion on the contexts in which Hilton is set gives this study a wide range of tools in analysing various factors affecting the company. The resource-based view, on the other hand, focuses on resources and on a company's ability to manage these. It asserts that the competitive advantage of a firm lies primarily in the application of tangible or intangible resources at the firm's disposal (Penrose 1959). Such resources range from tangibles such as capital and raw materials to intangible assets including expertise or innovative culture. The concept of institutionalism emphasises the relationship between organisations and their environments (DiMaggio and Powell 1991) and demonstrates clear linkage with the resource-based view of the firm (Dunning and Lundan 2008). Dunning and Lundan's (2008) OLI paradigm was found to be the most accurate when describing Hilton's resources, hence the terms of ownership, localisation and internalisation advantages used in the subsequent sections. The concepts of institutionalism and resource-based view serve as umbrella paradigms underpinning this study. However, following Dunning and Lundan (2008), they are not treated as rigid concepts but are used as guidance as to how to look at a company. Dunning and Lundan (2008: 120) highlight that the OLI paradigm should not serve as a theory of MNC, but that it is merely helpful to 'explain the cross-border value-added activities of firms at an aggregate level'. This is how it is treated in this article.

## **Legitimacy of a multinational company**

Legitimacy of an organisation means its acceptance in an environment (Kostova and Zaheer 1999). Acceptance is necessary to be able to sell a company's products or services and cooperate with other organisations in the same organisational field. Suchman (1995: 574) defines legitimacy as:

‘a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’.

This definition clarifies that legitimacy is unique for a given institutional framework and is not transferable across contexts. What is appropriate or desirable in one environment will not be in another which explains why multiple-embeddedness might pose challenges.

DiMaggio and Powell (1991) who represent the institutional perspective, claim that legitimacy is gained by adapting to the existing environment and making the company similar to the ones operating in the given market. Such a process is known as isomorphism (DiMaggio and Powell 1991). The idea that companies operating in one environment adopt similar practices and are, therefore, subject to isomorphism (also called homogenisation) is central to the institutional paradigm (Kostova and Roth, 2002). DiMaggio and Powell (1991) believe that in order to ensure their survival, organisations need to comply with the expectations of their environment and adopt expected structures and management practices. It is usually the newcomers that have to adapt to the formal or informal rules which govern the given environment.

There is, however, a growing debate in the literature about whether companies actually seek

to become similar or whether they try to differentiate themselves from competitors (Alvarez et al. 2005, Kostova et al. 2008). Kostova et al. (2008) claim that there is less isomorphic pressure on MNCs than on local businesses and, if there is any, it is only in the regulatory and legal domains. Amenta and Ramsey (2010) add that MNCs often originate from economically powerful countries and, as such, have the power to negotiate their own ways of running the business without the need for adopting local practices. Kostova et al. (2008) also claim that legitimacy does not happen by becoming similar to other organisations, but rather by becoming different. Gaining legitimacy depends on the ability to negotiate an organisation's position with legitimating actors in the environment. By such negotiation, Kostova et al. (2008: 1001) refer to:

‘A political process of interaction, communications, and exchange, which creates a perception about the organisation without its necessarily having to implement certain models and practices’.

In other words, legitimacy does not always depend on adapting practices which are treated as legitimate in the given environment, but by *making* the practices accepted by this environment. A company, when it is accepted, is recognised holistically with all its practices and knowledge.

### **Foreignness of a multinational company**

Another perspective on legitimacy is that offered by Alvarez et al. (2005) who discuss issues of isomorphism and differentiation in the film industry. They focus on the fact that film makers need to adjust to isomorphic pressures to some extent in order to gain resources for their production, but at the same time they need to be different enough to maintain their

creativity and offer something innovative to the audience. Companies which want to be competitive in a new environment need to juggle the same duality, they need to be familiar enough to become legitimised (accepted) in the society, but at the same time they need to be different enough to have comparative and competitive advantage over other local firms. The balance between differentiation and compliance to existing rules is called 'optimal distinctiveness' (Alvarez et al. 2005).

This argument brings the notion of liability of foreignness which is defined as: 'the costs of doing business abroad that result in a competitive disadvantage for an MNE subunit' (Zaheer 1995: 342). Foreignness of a company can take different forms which are closely related to the reasons why that company decides to become involved in foreign direct investment (FDI) (Zhou and Guillen 2016: 310). In this respect, Zhou and Guillen (2016) follow Dunning and Lundan's (2008) classification of FDI motivations: market-seeking, efficiency-seeking, strategic asset-seeking and natural resource-seeking. It is clear that Hilton's reason for FDI was market-seeking, whether in form of attracting new markets or providing services to existing customers travelling abroad, so the type of foreignness discussed in this paper, is that concerned with market-seeking type of FDI. In this case, the main cost associated with FDI is product adaptation costs (Zhou and Guillen 2016), which increase with cultural distance between the home and host countries. Foreignness of service-based firms is, therefore, closely related to operations and practices transferred by these companies abroad. Typology of foreignness based on the type of FDI is, by no means, the only one offered by scholars. Others have looked at culturally-determined sources of foreignness (Calhoun 2002), unfamiliarity, discrimination and relational hazards (Eden and Miller 2004) and regional and country foreignness (Qian et al. 2013). This paper adopts the categorization offered by Zhou and Guillen (2016) because it allows focus upon market-seeking internationalisation, specific for a hospitality company such as Hilton.

The discussion so far has been based on the assumption that when a foreign company enters a new market it is faced with various challenges to address. These challenges include institutional and cultural differences between the home and host countries and consequently differences between company's knowledge and practices and local expectations. This suggests that foreignness of a subsidiary in the host environment constitutes a liability and can be considered an obstacle in the negotiation of this company's legitimacy. Joardar et al. (2014) call for the consideration of an opposite perspective, namely that the foreignness of a subsidiary might actually constitute an asset. This notion can be particularly applicable to MNCs who have wide experience of operating in foreign environments because 'more internationalized firms may have greater resources and an ability to spread risks and developmental opportunities' (Joardar et al. 2014: 1020). It is argued that knowledge gained in foreign environments increases MNC's ability to turn the liability of foreignness into an asset:

'Assets are likely to exceed liabilities for foreign entities that have developed capabilities of dealing with foreign environments and are better able to leverage their distinct strategic competences abroad, whereas the difficulties of being foreign may be insurmountable for entities that lack such capabilities and are unprepared or unfamiliar with the host country'. (Joardar et al. 2014: 1020)

This means that MNCs accumulate a specific kind of knowledge by operating in a variety of foreign environments, and that this knowledge refers to skills necessary for the negotiation of legitimacy in foreign contexts. The more experience an MNC has in operating in foreign environments and negotiating legitimacy in them, the easier this process becomes.

Foreignness can also be seen as an asset when one considers that companies should achieve

the state of ‘optimal distinctiveness’ (Alvarez et al. 2005). Companies should adapt enough to be accepted by the local environment but at the same time should be different enough to develop comparative and competitive advantage. The foreignness of a company can potentially be what makes it more attractive when compared with the local businesses. It is also the element which has the potential to bring differences and developments into the organisational field. Furthermore, without innovativeness and foreignness of incoming companies, the local organisational field would have limited capability of developing and progressing.

There is limited literature exploring the notion that foreignness of a company might constitute an asset when it opens in a new environment. Previous literature suggests that MNCs build their advantages through learning processes in terms of gaining experience on how to enter and operate in foreign contexts. Arguably, by dealing with foreign institutions companies, just like people, learn how to adjust to unknown situations and negotiate challenges resulting from these foreign institutional settings. However, the idea that foreignness can be used as a differentiator against local companies is not previously explored. This refers to foreignness as an image which is often communicated across borders before the company actually enters the foreign market. Communication of such an image is often subject to word of mouth and the influence of the media which emphasises the role of globalisation in the process. Such understanding of foreignness could be related to country of origin effect which refers to ‘the influence on a buyer considering a product or service from another country due to the stereotyping of that country and its outputs’ (Suh et al. 2015). Such stereotyping effect could equally have positive or negative impact, depending on the economic and cultural image of country of origin (Verlegh and Steenkamp 1999) as well as individual’s general affinity towards that country (Oberecker et al. 1999). Suh’s et al. (2015: 2728) research found that ‘adoption of another country’s culture enhances general attitudes towards the country, its

companies and its products' which might have played a role in London of the 1960s.

This paper focuses on the foreignness concept seen as a differentiator. It explores the role of ownership advantages in the negotiation of legitimacy of Hilton's London subsidiary. By doing so, it conceptually links the theories of foreignness and legitimacy in the wider context of the early internationalisation of this multinational company.

The next section describes the methodological principles that guided this study.

## **METHOD**

This research focuses on a single case study of the London Hilton embedded in the external context of 1960s London. It addresses the recent discourse about methodology in business history in that it explores issues concerned with globalisation and entrepreneurship (Hansen 2012, Jones et al. 2012) which are not commonly discussed by business historians.

The main source of information for an historical study is secondary material because the researcher rarely has a chance to collect contemporary primary data (i.e. speak to people or observe the studied events). The authors of this paper considered using oral histories to gain more complete understanding of the early operations of the London Hilton, however, this proved extremely challenging due to the time which has passed since 1963. The authors had an opportunity of speaking to one of the former employees, but did not gain data insightful enough to include in this study. Contacting former employees and recording their oral histories would be a fascinating research project, however, it is beyond the scope of this paper. In the absence of primary data historians often use a wide range of material not commonly adopted for research. Cleave (2014: 314) for instance, bases his research mainly on archival postcards by arguing that historians should use all types of evidence at their disposal if they are to 'get the feel of life from the past'. Using a variety of sources and not restricting oneself to written accounts, helps in appreciating the case in its specific historical

context. This is the approach taken in this research where newspaper clippings, menus, letters and organisational notes are used alongside books and journal articles. The wide selection of material used is reflected by referencing system adopted in this paper. All published material is referenced using Harvard style, but material sourced through archival research is referenced in footnotes for clarity and transparency.

Yin (2014) asserts that the case study method is a powerful tool when a researcher tries to understand a real-life phenomenon together with the context which is pertinent to this phenomenon. Stake (2005: 444) argues that for the qualitative research community a 'case study concentrates on experiential knowledge of the case and close attention to the influence of its social, political, and other contexts'. An historical case study used in this way, therefore, expands the researcher's knowledge of the whole historical context and not the case in isolation, which is essential in business history research (Colli 2012). In other words, the development of Hilton in the 1960s cannot be analysed from today's perspective but it should be embedded in the given time period and the socio-economic setting of that era.

This research is based on an embedded case study of the London Hilton hotel, representing theoretical concepts concerned with the foreignness of a multinational company. As argued by Yin (2014) it is the main purpose of a case study to represent an abstract concept, rather than be the focus of the study itself. This case is embedded in a range of contexts, including the context of Hilton Hotels Corporation as the parent company and the socio-cultural context of London in the 1960s. These contexts constitute an integral part of the case study and require extensive data collection and analysis.

Hilton Hotels was selected from the population of hotel MNCs because of a number of characteristics:

- The London Hilton was the first subsidiary of a multinational American hotel chain to open in London in the decades when there was a considerable influx of American

businesses and travellers to London. At the time of opening in 1963, the Hilton brand was an emblem of modernity and American culture (Wharton 2001).

- The independence of the hotel company has been consistent throughout the years (although it has been owned by different corporations) which has contributed to the availability of internal data.
- The development of Hilton Hotels and Hilton International followed a clear, organic path with the company gradually increasing its presence in the United States before expanding internationally.

These aspects make Hilton representative of an American hotel MNC which internationalises its operations. Hilton's distinct corporate culture, derived from the founder's political and social aims is, in turn, representative of what Dunning and Lundan (2008) define as 'institutional ownership advantages' which include the company's motivation for specific corporate behaviours.

The historical-embeddedness of this case study has certain implications in relation to the data collection process. As opposed to other single case study research projects, it was necessary to collect data concerned with the London Hilton hotel and the socio-economic context of 1960s London. Data on London in the 1960s and America as the home country of Hilton was investigated through published sources such as newspaper articles and books. Information on the London Hilton and its parent company involved internal documents drawn from the Hilton Hospitality Industry Archives at University of Houston and the internal Hilton on Park Lane collection.

The first stage of data collection involved a systematic review of national newspapers from the studied time period. Editions published in the months preceding the London Hilton's opening were searched, but also a snowballing sampling technique was used where possible. For example, it was found that Wharton (2001) referred to an article in The Times from

November 7<sup>th</sup> 1957. Having this information, it was easy to retrieve the edition in question and follow the subsequent articles.

In order to gain an understanding of the external contexts, including the contexts of America and the UK in the 1960s, a wide range of books including Sandbrook (2006a, 2006b), Slattery (2009), Schröter (2005), Kroes (2007), Bonin and de Goey (2009) and Gassert (2012) were used. It would be beyond the scope of this study to discuss in detail the economic, social, political and cultural situation of these two countries and therefore focus was placed on their mutual relationships and influences.

Having gathered data on the external context, focus shifted towards Hilton Hotels as the parent company and the London Hilton as its subsidiary. A total of over 500 pages of letters, brochures, memorandums and reports was collected and analysed.

Data collection did not proceed in a strictly linear way, but it often took an opportunistic character and additional sources were found throughout the course of the research. This process highlights the very nature of business history or any archival research which often cannot be entirely planned for. In this kind of process the researchers needs to be flexible and prepared to change the course of their work when new pieces of information emerge, or where similarly no data is available. To the authors' best knowledge, data on the development and opening of the London Hilton in 1963 has been exhausted but this in no way negates the fact that further material might exist in sources outside their knowledge.

Once data was collected it had to be categorised and analysed. This refers to both newspaper articles and internal documents from the archives, however, newspaper articles were grouped in themes whilst collected. OneNote and NVivo 10 software were used to assist in grouping and categorising data. It should be stressed that data ranged from accounts of Conrad Hilton and his career to the public response to the development of the London Hilton. Case study scholars (such as Bryman and Burgess 2002, Hartley 2004 and Yin 2014) highlight that in

this method, data collection and analysis are simultaneous and iterative. In other words, through the process of writing up of the case study data is automatically analysed. In these two stages of the case study construction and analysis, three kinds of codes were applied. This follows the approach suggested by Miles and Huberman (1994) who advocate the use of descriptive, interpretive and pattern codes for data analysis. First, in order to construct the case study, all the material was reviewed and descriptive themes were identified. Descriptive codes referred to factual elements of the case study, i.e. 'local adjustments'. The second stage of coding (interpretive codes) is where this research benefits most from the literature review. The interpretive codes were applied to the case study being now treated as a narrative and were used to drive the discussion of findings. They included terms such as 'foreignness' and 'legitimacy'. The final stage, pattern coding, was applied simultaneously with the writing up process of the discussion. Pattern codes, including 'the role of foreignness in negotiation of legitimacy' and 'knowledge transference in the process of internationalisation' allow for finding relationships between the individual elements and discussing them in the most effective way.

Qualitative research and historical research in particular, are often criticized for the alleged lack of methodological rigour (Jones et al. 2012). Qualitative researchers, however, respond by highlighting that their method is underpinned by distinctly different philosophical assumptions than its quantitative counterpart and, as such, cannot be directly compared (Denzin and Lincoln 2011; Crotty 1998; Sarantankos 2005). Sarantankos (2005) adds that qualitative research is simply what quantitative research is not. As such, there is no reason to seek relationships between these two distinctly different methods. Altheide and Johnson (2011) stress that the excellence of qualitative research can be determined by the level of transparency which in this study is ensured by meticulous explanation of methods of data collection, analysis and presentation. Particular value is attributed to rich description, a

procedure which refers to detailed descriptions aiming to transport the reader into the specific case study setting (Denzin 1989; Creswell and Miller 2000). For this reason the reader of this paper will find in-depth description of the case study together with its wide historical context. Moreover, this description is supported with a range of pictures whose aim is to create as vivid an image of the discussed company and its historical setting as possible.

The following section focuses on this rich description of findings of the archival research. It is presented as a narrative which constitutes the core of the case study. As a consequence of the embeddedness of the case, it discusses findings on both the London Hilton and the surrounding context of the ‘swinging sixties’ London.

## **RESULTS**

This section, revealing the results of archival research, is divided into two key parts. First, it looks at the London Hilton in its early days in London. Reference is often made to Hilton Hotels as the parent company and to Conrad Hilton, the founder and key figure driving Hilton’s internationalisation. The second part focuses on London in the 1960s and its socio-cultural condition. It also highlights some key differences and similarities between the U.S. and the UK at the time and discusses how Americanisation arguably influenced Europe and the UK in the decades after the Second World War. A number of exhibits are presented in this section in order to bring the narrative to life and, following Cleave (2014), appreciate the case in its historical context.

### **An American Hotel in London**

When in 1957 British press reported that a 35-storey Hilton hotel would be open in Park Lane, it caused controversy and a wide public debate (see Exhibit 1 for a selection of newspaper headlines). Lord Blackford was reported as saying:

‘To the east we have a lovely structure symbolising the Almighty God, to the west a massive structure symbolising the almighty dollar’ (Wharton 2001: 102).

He was referring to St Paul’s Cathedral and the fact that, at the time, no structure was permitted to be taller than this London’s landmark. Consequently, the London County Council, following the recommendation of the Royal Fine Art Commission, banned the building from being raised as tall as the proposed 35-storeys<sup>1</sup> and the revised project was finally accepted on 16th June 1959.

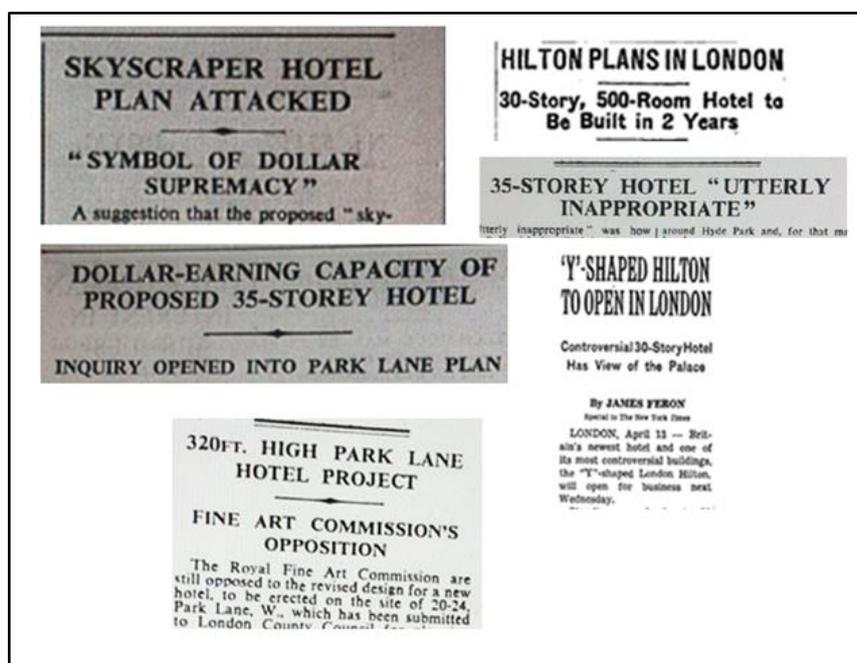


Exhibit 1. Selection of newspaper clippings commenting on the planned development of the London Hilton in November 1957<sup>2</sup>

Height was not, however, the only factor which differentiated Hilton from the existing London hotels. Hilton Hotels Corporation offered standardised service in its domestic and international hotels. Whether in terms of practices adopted, staff training or the management

<sup>1</sup> The Times, 29<sup>th</sup> April 1959, p. 8

<sup>2</sup> Hilton Collection at the Hospitality Industry Archives, Hilton College, University of Houston

structure, the essence driving Hilton's internationalisation was one of standardisation. Wharton (2001) found in her research that in the early years of Hilton's expansion (1950s and 1960s) the company was responsible for exporting broadly understood 'modernity'. By this she does not only mean modern architectural forms but also the political and social role of this American company in the time of the Cold War. Whether in Istanbul, Athens or London, Hilton hotels occupied prime locations in city centres and were structured in a way to stand out from these cities' traditional architecture. The controversial London hotel was designed by an American architect, William B. Tabler who had worked with Hilton Hotels for many years and had designed the Dallas Hilton and the iconic New York Hilton at the Rockefeller Center. The structure of the London Hilton has not been changed since its construction. The Y-shaped tower rests on a rectangular podium which accommodates the lobby, two restaurants, the grand ballroom and other public spaces. As a result of its unique shape, the hotel offers views over Hyde Park and central London from all of its bedrooms and suites located in the tower. The Y-shape also shortens the distance guests have to walk from the lifts to their bedrooms<sup>3</sup>.

All international Hilton hotels were designed in a similar way, despite the claims that the buildings aimed to reflect the local cultures. Hilton always attempted to include local design, decoration and materials, while at the same time providing the comfort of a modern American hotel with the most 'up to date' facilities. For example, in Istanbul traditionally designed carpets and other decorations were used to convey the feel of the Orient. In the case of London, the two stand-alone bars, The London Tavern and St. George's Bar, were designed to add to the local feel of London. The latter was to resemble a traditional Victorian pub, whereas the London Tavern drew inspiration from the old architecture of the City of

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<sup>3</sup> The Economist, 20th April 1963

London, but with some modern elements added<sup>4</sup>. They both served traditional English ales and lagers<sup>5</sup> and their menus were intended to reflect the ambience of traditional English pubs. Exhibit 2 presents the menus from these bars.

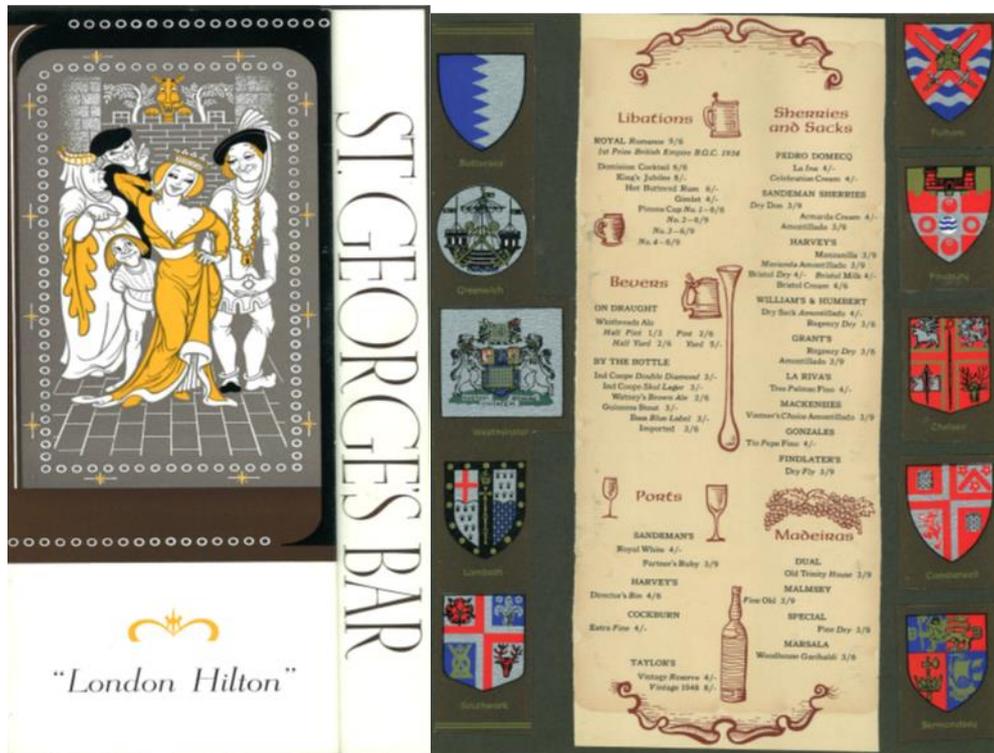


Exhibit 2. Design of menus from St. George's Bar and the London Tavern, 1963<sup>6</sup>.

Unfortunately, efforts to create a local feel in international hotels sometimes “misfired”. Time magazine (1963) reported for instance:

‘Spaniards laughed at the peasant-garbed waiters and Madrid’s Castellana Hilton right back into tie and tails, and Hilton had to change the name of the Opium Den bar in his Hong Kong hotel after the Chinese took offence (it is now simply The Den)’<sup>7</sup>

<sup>4</sup> “The Ambassador – British Export Magazine”, No. 3, 1963

<sup>5</sup> The London Hilton promotional leaflet, from the London Hilton on Park Lane collection

<sup>6</sup> Picture from the London Hilton on Park Lane collection

<sup>7</sup> Time, 19<sup>th</sup> July 1963, p. 70

It appears that the local adjustments, despite Hilton's claims to echo local cultures, were somewhat superficial and did not play any significant role in the overall feel of the international hotels. As a result, both customers and the press felt that Hiltons around the world were highly standardised and that one could not tell which city one was in, if not for the view outside the window<sup>8</sup>. An American guest at the Tehran Hilton was reported as saying: 'Except for a few oriental rugs and the Persian chandeliers, the place could just as easily have been Phoenix as Iran'<sup>9</sup>. Controversially, for some customers this constituted a benefit. For example, the predictability of service standards supposedly had a soothing effect on a stressed, modern and mainly American traveller, as can be witnessed in this piece by Bradshaw for Vogue Magazine in 1965:

'We are all the same: the new, the unexpected, the unfamiliar have a way of upsetting our stomachs. We blame it on the water. But it's not the water, it's us. Here is where the network of Hiltons acts as a balm, a salve, a glass of Alka-Seltzer'. (Bradshaw for Vogue 1965)<sup>10</sup>

Such standardised approach, also adopted in London, was a direct result of Conrad Hilton's vision. Conrad began his career of a hotelier from buying hotel properties when they were not profitable and turning them into prosperous businesses. He quickly developed his pioneering strategy of 'Mini Max' – minimising cost and maximising service to customers (Hilton 1957) which involved limiting the area occupied by lobbies and lounges and adding additional bedrooms, dining rooms, bars and retail outlets<sup>11</sup> instead. He also placed particular trust in

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<sup>8</sup> "Business Week" 1<sup>st</sup> July 1967

<sup>9</sup> "Business Week" 1<sup>st</sup> July 1967

<sup>10</sup> Vogue, July 1965, p. 126

<sup>11</sup> Time Magazine, 19<sup>th</sup> July, 1963

*esprit de corps* (Nickson 1997) and believed that only motivated staff could make the difference between a satisfied and dissatisfied guest. Particular focus was placed on staff's courtesy because the company believed that this was 'the key to hospitality'. As explained in the leaflet provided to new employees of the London Hilton (see Exhibit 3), this applied to both courtesy shown towards guests and to other members of staff and was expressed through 'The Hilton smile'. Undoubtedly, employees of other hotels also expressed courtesy towards their customers, but it was characteristic of Hilton to include such element in operations manual and inspire the feeling of pride and loyalty toward Hilton brand.

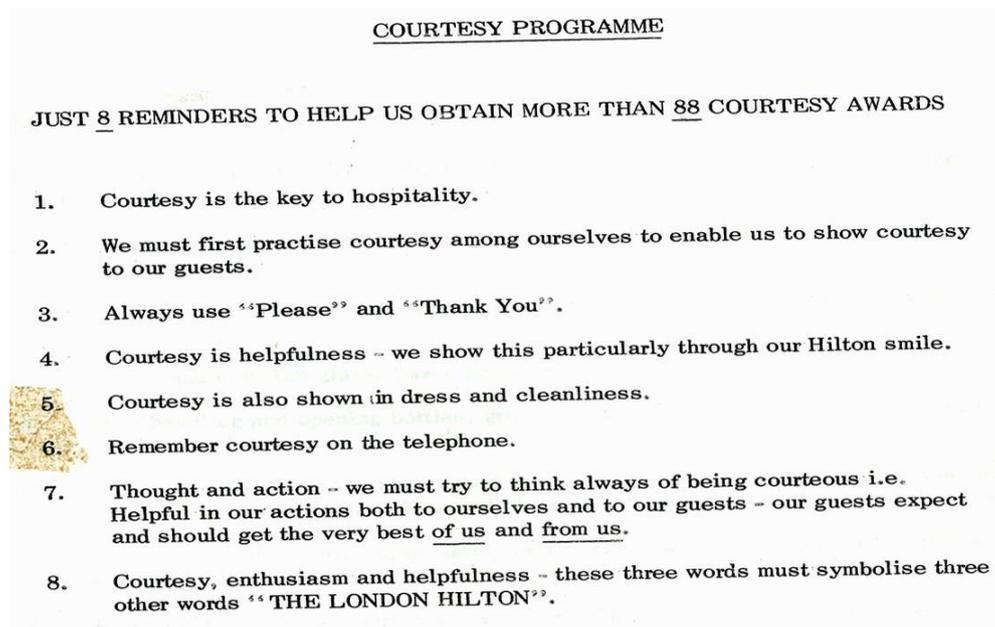


Exhibit 3. A note from the London Hilton's courtesy programme, 1963<sup>12</sup>

Conrad claimed that American hotels played a twofold role, they were to be homes away from home for American travellers, but more importantly they were, as Conrad chose to call them 'little Americas' (Hilton 1957) located around the world. Conrad described the vision for his business:

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<sup>12</sup> Picture from the London Hilton on Park Lane's collection

‘It was the beginning of a dream to manage and build hotels in other countries. There is an old and impressively wise saying in geo-politics: If business does not cross frontiers armies will. I hold with the most sincere conviction that hotels are the best insurance of good neighbourliness and warm international relations’. (Comfort 1964: 99)

He wanted Hilton hotels around the world to be seen as a haven of democracy and freedom, just as America was portrayed at the time on the international political scene (Leach 1993).

Conrad stated:

‘Each of our hotels is a 'little America', not as a symbol of bristling power, but as a friendly centre where men of many nations and of good will may speak the language of peace’. (Hilton 1957: 265)

Considering these and other statements by him, Nickson (1997: 186) describes Conrad in the following words:

‘Hilton arguably saw his role as a benign, paternalistic and anti-Communist figure spreading American expertise, in both the 'hard' and 'soft' aspects of hotel management’.

Considering such daring aims, it is hardly surprising that Hilton’s hotels around the world were to be standardised. They were supposed to convey a consistent image and provide familiar, American – style comfort in faraway locations. The fact that the company

transferred its American model abroad suggests that Hilton felt strongly about its ownership advantages. It appears that Hilton did not look at the host environment to mimic practices used there, but rather preserved its character and methods of operation. These findings tend to contradict theory which asserts that MNCs must adjust to new environments (Di Maggio and Powell 1991) and confirm Kostova's observation that legitimacy can be negotiated without mimicking local practices. Furthermore, it suggests that it was Hilton's aim to benefit from the image of America and its country of origin effect which, at the time was very positive. The following section focuses on the historical context in which the opening of the London Hilton took place and the reasons why being branded as an American hotel would have had a positive effect.

### **London in the 'Swinging Sixties'**

There is an argument to be made that in the 1960s the London Hilton was representative of the gap between hotel industries in America and Britain. Despite the apparent similarities between American and British heritage and culture, these industries developed in different directions. The American hotel market was familiar with chains, including Hilton Hotels, Statler and Holiday Inn while in London practices of standardisation and uniformity had not previously been adopted. The London grand hotels were traditionally meant to for the upper classes while American hotel market offered, alongside grand iconic hotels, a modern style of service which would today be referred to as 'affordable luxury'. The London Hilton was meant to represent the democratic approach to hotel-keeping which evolved from the concept of 'palaces of the people'. A number of authors write about early American hotels being 'palaces of the people' (Boorstin 1966, White 1968, Sandoval-Strausz 2007, Berger 2011). Sandoval-Strausz (2007: 62) explains that this phrase combines two opposing characteristics:

‘Palaces recalled the luxury and splendour of European aristocracy but also evoked the exclusionary, antidemocratic character of the Old World social order. By contrast, invoking ‘the public’ indicated respect for a citizenry whose symbolic ownership of the hotels paralleled the way it controlled its government.’

Early American hotels were supposed to reflect the democratic ideals of this modern society, where people were responsible for their own fate. In America, as opposed to London where differences between social classes were very distinct, everyone with sufficient income could come to a hotel and expect to be served. These differences between English and American hotel markets were still to be experienced in the years after the Second World War.

The London Hilton, when it opened in 1963 was distinctly different from other London hotels. It advertised itself as a luxury hotel, but it did not provide the grandness of traditional London luxury hotels such as The Savoy, Claridge’s or The Dorchester. Luxury in Hilton was carefully measured and operationalised and was provided in the same way as in all other Hilton hotels around the world. Such an approach was highly innovative at the time and in order to understand why it became accepted in London one should consider London’s institutional location advantages, including social, cultural and economic factors.

Much is written about the various changes which were taking place in 1960s Britain. Terms including ‘swinging sixties’, ‘rock ’n’ roll’, ‘Labour Government’ and ‘Carnaby Street’ all appear when one researches 1960s Britain or 1960s London. The 1960s saw the change in the British Government from the Conservative to Labour Party as well as many changes in the demographic, racial and cultural profile of society.

One of the first factors which are mentioned in the literature (Time 1966, Sandbrook 2006b) in respect to the 1960s is the large proportion of young people in society. Many Western nations, including the US and the UK enjoyed what became known as the ‘baby boomer’

period. These are people who were born in the immediate years following the Second World War (exact years varied between countries) and who in the 1960s were in their late teens or early twenties. It is estimated that in the 1960s nearly 30% of the UK population were between 15 and 34 years old<sup>13</sup>. Such a large proportion of young people had a direct impact on the rapidly changing trends in music and fashion which was noticeable nation-wide, although the literature and press refer mostly to London when discussing the term ‘swinging sixties’. The Time Magazine published a special article on ‘Swinging London’ in 1966. Time claimed that London was the city of the decade, where young people walked the streets in colourful, ‘trendy’ clothes and listened to British music by the Beatles and The Who. Due to post-War hardship of the late 1940s and early 1950s young people were increasingly moving to London to seek employment. London was also the destination glorified in songs and movies and young people wanted to enjoy a lifestyle they had heard about (Benyahia, White and Gaffney 2008). National Service for men had been abolished in 1960 and young men were undertaking employment straight after leaving school. Shops with fashion for men, or ‘boys’ as the Time Magazine called them in 1966, opened on and around Carnaby Street (Inwood 1998, Lester 2010), which became a destination in itself for young, fashion-conscious people. Benyahia et al. (2008: 235) argues that ‘swinging Britain’ is the term which relates to:

‘Changes in a whole range of attitudes, behaviours and moralities where Britain finally shook off the bleak, post-War way of living, where caution, practicality, repression and obedience were the norms. (...) With full employment, young people had a greater disposable income, and music and fashion came to dominate the culture. Confident in peace and prosperity, this “swinging” approach developed across social

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<sup>13</sup> Time, 15<sup>th</sup> April 1966

boundaries, and an “anything goes” attitude was popularized.’

This highlights how people’s attitudes were changing, together with new trends in music and fashion and also how one triggered the other.

Despite the initial difficulties with housing, the 1960s are still considered to be the decade of life becoming easier and the society becoming richer. It is also referred to in the literature as ‘The Golden Age of Capitalism’ (Skidelsky 2009) as the age of rapid increase in prosperity in the post – Second World War decades. The turn from a manufacturing to a service-based economy had an impact on the retail sector which began to change dramatically in the post-War years. Daily shopping in local groceries was gradually replaced by irregular visits to supermarkets which began to open in the UK in the late 1950s (Alexander, Shaw and Curth 2004). Such a model of shopping was facilitated by increasing access to refrigerators, freezers and cars, which were usually bought on credit, not previously available (Peston 2015). Workers, therefore, could afford more and could, gradually, enjoy a lifestyle similar to the one enjoyed by members of the middle class. This led to the development of an ‘affluent worker’ and the notion that ‘the differences between the middle class and working class are disappearing, with well-paid manual workers merging into the middle class’ (Browne 2011: 35). People could enjoy various forms of entertainment which consequently contributed to the development of restaurants, bars and fashion shops nationwide.

Sandbrook (2006b) believes that what the young and affluent people wanted to see was a ‘classless’ society. It could be suggested that due to the rising disposable income, an increasing number of people working in ‘white collar’ jobs and their access to consumer goods and leisure activities previously available only to the middle class, the differences between classes became to blend (Browne 2011). The working class could increasingly afford to behave like the middle class, while clerical workers, who were previously

associated with the middle class, were gradually beginning to lose status (Giddens 2006). The reason for this was that firstly, with the development of services industry more people worked in clerical jobs and secondly, wider access to higher education made career progression more difficult (Browne 2011). This is not to suggest that class stratification was suddenly removed, but rather that due to various economic and social changes, visible differences between classes were becoming less obvious. In an environment such as this, Hilton's goal to make hotel services available to all, regardless of their social background, was timely. Standardised service was a method of ensuring potential guests that they would not be unpleasantly surprised or challenged in their interactions with the hotel and its staff.

Due to the development of media and communication, the British people had increasing access to American music, movies and television programmes. Kroes (2007) discusses how television exposed citizens of European countries to American products and later to advertising. One of the first products which became synonymous with the American presence was Coca Cola which, arguably, arrived in Europe with the American soldiers (Bonin and de Goey 2009). Amongst the most widely advertised brands in the 1950s and 1960s, however, were PanAm, Hilton Hotels and later McDonalds, Gap and Best Western (Wilkins 2009). Marketing of American goods often used images of happy, wealthy people pictured in attractive locations, often with symbols of status like a car or expensive home appliances. At the same time, the presence of American businesses was becoming more visible on the British market and people started to associate the advertising images with the achievements of the American economy. As a result, the British public was inclined to believe that American ways of managing businesses were the way to gain the glamorous lifestyle represented in advertising. Bonin and de Goey (2009: 13) state that 'looking at the USA was like looking in the future' and the term '*American*' became for some people the synonym of

*'modern'* (Gassert 2012). Consumerism in the form communicated by the media and advertising turned out to be, therefore, a distant dream in the post-War Europe and its arrival on the continent were eagerly anticipated (Kroes 2007). Alexander et. al. (2004), on the other hand, seem to treat American advertising as an 'assault' on a British customer. They claim that the images portrayed by the media were particularly alluring to people in Europe because it was still 'torn' after the Second World War (Alexander et al. 2004). This, together with the wide-spread adoption of American management practices, caused by growing American FDI led to what Gassert (2012) calls 'voluntary Americanisation from below' which reached its pinnacle in the 1950s and 1960s. What he means by this term is that American values and practises were transferred not only on government or business management levels, but that they also reached ordinary citizens.

Hilton's objective to create space for people to meet worked well in light of the development of the service economy in Britain and the widespread acceptance of American business practices at the time. There was increasing demand for conference and event space as a result of increased business travel (Slattery 2009). Hilton not only met this demand by providing the largest conference space in London at the time but also addressed this need by employing a marketing strategy which focused specifically on business travellers. The business-targeted advertising highlighted services required by business visitors and was consistent with the marketing strategy used in the US around the same period. In 1964 Hilton Hotels Corporation separated the division responsible for events from the rest of the business. Consequently the functions (events) division became more specialised at creating a targeted product and selling it to business customers and groups. More emphasis was placed on corporate advertising (published in major business magazines and newspapers) and highlighting features appealing to business travellers. The position of 'banquet specialist' was also introduced whose responsibility was to: 'improve the efficiency and enhance the image of hospitality accorded

to those who attend banquets and Hilton facilities'<sup>14</sup>. The idea behind these changes was to increase room occupancy which, if successful, would increase net income and improve the company's financial situation by attracting business customers as well as leisure travellers. This differentiated the London Hilton from the more traditional grand hotels which were not perceived as spaces for conducting business. These hotels still had a level of 'royal feel' about them which did not complement the social changes of the 'Swinging Sixties'. The London Hilton, on the other hand, was modern, welcoming and brought the flavour of American success with it. These characteristics would explain why the London Hilton was the only hotel marked on the Time Magazine's 'Swinging London' map (see Exhibit 4).

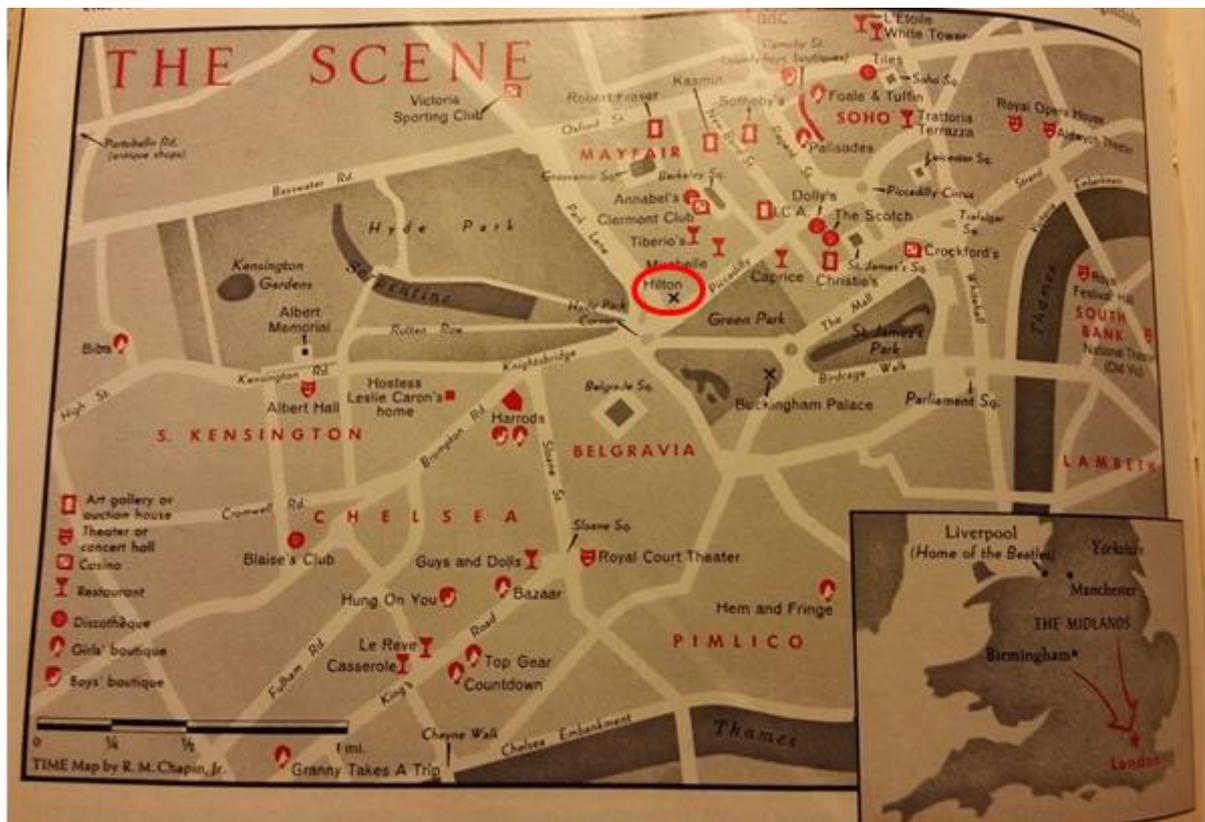


Exhibit 4. Map of the key attractions of 'swinging London' according to Time Magazine, 1966<sup>15</sup>.

Initially, the image conveyed by Hilton did not appear to be accepted in the London hotel

<sup>14</sup> "Annual Shareholders' Report" 1964, p. 4

<sup>15</sup> Time, 15th April 1966

market. It was suggested that ‘Hilton would be the symbol of dollar supremacy’ or a ‘symbol of the almighty dollar’<sup>16</sup>. Further analysis of the case study, however, suggests that the points which were initially treated as curiosity often became the differentiating factors. Correspondence to Conrad Hilton shows that some customers stayed at the London Hilton just to ‘see what it was like’. People who were familiar with the brand came to London to experience the newest hotel in the Hilton chain. Clearly this hotel was present on the cultural and social map of ‘Swinging London’ and the company’s marketing strategy was suited to the evolving capitalist culture. Conrad Hilton’s strategy of transforming opening ceremonies into social events was a precursory approach to marketing and public relations. The guests he flew from the US and who included movie stars, businessmen as well as fashion icons provided what is termed today as ‘celebrity endorsement’. In the decade where people admired, or in certain cases worshiped, idols such as the Beatles, this celebrity endorsement certainly enhanced the company’s legitimacy in the London market.

Having presented the findings of the archival research, the following section discusses them in light of previous research into internationalisation, foreignness and the negotiation of legitimacy. This is where the research benefits from interpretive and pattern coding, discussed in the Methodology earlier, by searching for relationships between archival findings and theoretical concepts.

## **CONCLUDING DISCUSSION**

What becomes clear from this study is that Hilton managed to propagate its branded, standardised hotel services through the effective transference of knowledge. All elements discussed in the previous section, including design, practices and centrally-planned operations were essentially vehicles of knowledge transference. This suggests that despite the

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<sup>16</sup> The Times, 13<sup>th</sup> November 1957, p. 2

fact that hotel companies are not usually considered to be knowledge-based firms, as opposed to consultancy or insurance specialists, the key to their internationalisation is the transference of knowledge. This supports the assumptions of the resource-based view of the firm inasmuch that internationalisation depends on the ability to transfer resources without losing control over them (Dunning and Lundan 2008). In the case of hotel MNCs such as Hilton Hotels, these resources are mainly knowledge-based.

Consequently, the transference of Hilton's corporate culture and its standardised hotel-keeping practices were the factors which were most foreign on the London hotel market in 1963. This supports Zhou and Guillen's (2016) categorization of foreignness which argues the main cost of market-seeking FDI is that associated with product adaptation. It was Hilton's strategy to minimally adapt its product, assuming that the existing business model would be most appealing to Americans travelling abroad who knew the Hilton brand from back home as well as to foreigners wishing to benefit from the high standards of American hotel-keeping. Hilton made some local adaptations to décor and facilities such as the London Tavern and St. George's Bar, but these were minimal in respect to the overall standardised offering. International business theory asserts that such foreignness poses a challenge when entering new markets however this research suggests that under certain circumstances it can become an asset and this is observed in the case of the London Hilton.

Archival data suggests that Hilton approached internationalisation in mostly an ethnocentric way (Perlmutter 1969), despite claims that it wanted to adjust to local standards. It is necessary to stress that the term 'ethnocentric' refers to the fact that Hilton did not appear to intend to adapt to local hotel-keeping practices but, instead, transferred its practices from the home country in an almost unchanged format. This is consistent with Bartlett and Ghoshal's (2002) description of the international model of organisations in which headquarters play a central controlling and decision-making role. The case of the London Hilton particularly

represents Bartlett and Ghoshal's (2002) finding that organisations adopting the international model imply a willingness to delegate responsibility, while in reality maintaining close control through sophisticated management systems. In such an organisation, a local subsidiary is free to make minor local adaptations, but the overall ideology and knowledge is transferred from the headquarters, precisely as observed in the London Hilton. Similar conclusions were reached by Roper et al. (2001) in their research on another hotel MNC, finding that despite the claims to 'provide international standards together with local flavour' and to follow a geocentric approach to internationalisation, the company was actually mainly ethnocentric in its approach. This company, similarly to Hilton, made adjustments to marginal elements of their services, with the more crucial ones remaining centrally directed. By adopting such a model, Hilton developed the image of being an American company and its subsidiaries being symbols of American modernity (this was mainly applicable in the years of the Cold War in the 1950s and 1960s when America was on the forefront of capitalism and when there was much less international hotel presence than after the collapse of the Iron Curtain). Behaving in this way Hilton highlighted its foreignness. Being foreign in a new market is traditionally seen as an obstacle for MNCs' subsidiaries and as a feature which makes achieving legitimacy more difficult (Kostova and Zaheer 1999), but Hilton gives impression of having willingly highlighted these differences, which might be seen as an attempt to benefit from the positive country of origin effect.

It appears that the Hilton brand was well known in London even before the opening on Park Lane and its modern character was hugely anticipated. Hilton withstood the initial criticism and used publicity to spread the news about its brand. It educated its customers so that they began to appreciate the standardised service and hotel ambience. It provided services to business customers whose needs were neglected by grand hotels. All these features, which made Hilton foreign in the environment of 1960s London, constructed the image of Hilton as

it is known today, over 50 years later. It should be stressed that the early 1960s was probably the most optimal time to open a subsidiary in London. If it had opened earlier, it could have struggled with cultural differences between America and post-War Britain. Similarly, if it opened a few years later, there is a possibility that American modernism would no longer appear as exciting as it did in 1963. Finally, the London Hilton was built a few years before the introduction of the Hotel Development Incentive Scheme which almost saturated the London hotel market with new supply. These observations clearly suggest that London's localisation advantages at the time had a positive impact on American country of origin effect. British people were increasingly interested in American products and aware of American lifestyle which, as argued by Suh's et al. (2015), enhances the general attitudes towards the country and its products.

Hilton's activities represent the mechanism of negotiation of legitimacy discussed by Kostova et al. (2008) and Amenta and Ramsey (2010). Its extensive marketing and public relations campaigns were an example of 'a political process of interaction, communication and exchange, which creates a perception about the organisation without it necessarily having to implement certain models and practices' (Kostova et al. 2008: 1001). In other words, Hilton not only transferred its knowledge in the form of practices but also applied it in communication with the external environment to promote its recognisable brand. This knowledge was enriched by the fact that Hilton had already 'tested' its model of hotel-keeping in America and found loyal customers for it. This balanced knowledge and confidence in its own institutional ownership advantages as well as positive country of origin effect at the time led to the situation where the foreignness of Hilton's practices became to be seen as a differentiator. This finding extends Joardar's et al. (2014) observation in that it suggests that foreignness not only develops organisational capabilities through experience but also contributes to creating an appealing image. Such conclusion contributes to Alvarez's et

al. (2005) theory of ‘optimal distinctiveness’ which asserts that companies need to be different enough to compete against their rivals. An accurate level of distinctiveness does not prevent a company from becoming legitimate, but actually makes it interesting and noteworthy, which is particularly crucial in customer-facing firms. Despite the fact that the term ‘optimal distinctiveness’ was coined by Alvarez et al. (2005) in reference to the film industry, it seems to accurately describe the state achieved by the London Hilton in 1963. Moreover, such foreignness is no longer treated as a cost, as asserted in previous research (Hymer 1976, Zaheer 1995, Zhou and Guillen 2016) but as an asset which can be used to a company’s advantage.

The findings from this research imply that there is an additional linkage between the concepts of foreignness and the negotiation of legitimacy than previous literature reports. It was clear from the beginning of this study that the negotiation of legitimacy meant overcoming the liability of foreignness, but only in the course of the case analysis did it appear that foreignness could constitute a differentiating asset for the London Hilton. Such a notion was previously discussed by Joardar et al. (2014) who argued that foreignness can be an asset when it means overcoming entry barriers and negotiating legitimacy in other countries. This research, however, found that foreignness can also offer benefits of appeal and differentiation. Not only is this caused by legitimacy spillover of a well-known brand and positive country of origin effect, but even more so by the image of foreign practices which attract attention or even curiosity. This study revealed that the London Hilton was representative of a case of using foreignness as a differentiator. This is not to say that it was the company’s strategic aim to do so, but it is clear that such a mechanism can be observed in the case of this subsidiary. Further research could explore whether such processes are also present in other companies.

### **Limitations and recommendations for further research**

This research reveals certain limitations. Being a single case study, the research was restricted in terms of the access to data. Naturally, the majority of material was available from the company itself, specifically, in the Hilton Collection at the Hospitality Industry Archives at University of Houston. It needs to therefore be considered that the company itself made the decision as to what data was available to researchers and the wider interested public. This challenge reflects Hansen's (2012: 701) argument that history is a very powerful tool, because 'an organisation's history can be reframed by remembering some things and forgetting others'. This is not to say that business history research is unreliable, but only to emphasise that business historians can hardly rely on any 'facts' and have to depend on the material available as well as on the selection and interpretation of this material. Hansen (2012) is sceptical of the idea of bias altogether because he does not agree with the assumption that objectivity is a legitimate concept. He argues that business history, especially when concerned with culture, is focused on the construction of meanings rather than on the truth. It is therefore not the aim to generalise from this case study and it is suggested that further research, including the evaluation of multiple cases, should be conducted before any generalisations are made. Similarly, it is not the aim of business history research to offer managerial recommendation because findings from historical research are not always directly transferable to modern companies.

This study extended Joardar's et al. (2014) research on foreignness potentially being an asset in the process of internationalisation. It suggested that foreignness can have a marketing value in that it serves as a differentiator from local companies. Further research should explore the extent of factors which contribute to the overall foreignness, evaluating those elements which play a negative role and become a liability as well as those acting beneficially to the entering company. This area lends itself to the hypothesis testing method

using multiple case studies which will allow for wider generalisation. Interestingly, this is one of the few areas which business historians can particularly contribute to, the reason being that the impact of foreignness on the process of internationalisation and on the ability to negotiate legitimacy can only be judged from the perspective of time.

Research on internationalisation, foreignness and legitimacy naturally relates to the concepts of glocalisation, national identity, branding and country of origin effect. It was the aim of this study to focus specifically on the theory of foreignness resulting from marketing-seeking type of FDI and, consequently, other related subjects were merely indicated. Future research should address this by studying the role of country of origin effect and national identity in the process of negotiation of legitimacy.

Finally, this paper focused on the concept of national (American) image contributing to the feeling of foreignness. Dallabona (2015), on the other hand, argues that the image of Italian fashion hotels, such as Hotel Missoni Edinburgh and Maison Moschino, contribute to the construction of ideas of Italian identity, which represents a reversed mechanism. Future research ought to study whether such a device was also present in 1960s Hilton, namely whether people made assumptions about America and its culture by experiencing standardised and modernised hospitality services in Hilton Hotels.

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