International Journal on Culture, History, and Religion
https://ijchr.net | eISSN: 3028-1318
Volume 7 Issue No. 1 | doi: https://doi.org/10.63931/ijchr.v7i1.542

*Article*

# Cross-Cultural Adaptation and Internationalization in the Slovak Hospitality Industry

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**Abstract**

*This paper examines the processes of cross-cultural adaptation and internationalization within the Slovak hospitality industry, exploring how hotel businesses expand beyond national borders while responding to diverse cultural contexts. The study integrates qualitative and quantitative approaches, combining case studies, comparative analysis, and statistical evaluation to provide a multidimensional understanding of cultural and managerial factors shaping international growth. Particular attention is given to entry strategies such as franchising, joint ventures, strategic alliances, and direct ownership, and how cultural compatibility, local traditions, and consumer behavior in target markets influence these. Findings reveal that Slovak hotel companies adopting culturally adaptive and network-based internationalization models achieve stronger brand acceptance, more resilient growth, and long-term sustainability compared with firms relying on standardized strategies. Empirical results confirm that sensitivity to cultural norms, investment in intercultural communication, and collaboration with local partners enhance the success of international expansion. Moreover, foreign acquisitions yield higher benefits than domestic growth, particularly in customer loyalty and service innovation. The paper highlights digitalization, sustainability, and cultural intelligence as critical drivers of competitiveness, while also recognizing barriers such as regulatory complexity and cultural distance. By linking the Uppsala and network models of internationalization with cross-cultural management theory, this research contributes to both the academic and practical understanding of how culture influences global expansion in hospitality.*

***Keywords*** *cross-cultural adaptation; internationalization; hospitality industry; Slovak business; cultural intelligence; globalization; intercultural management; sustainable competitiveness.*

**Suggested citation:**

Ubreziova, I., Tkacik, S., Vartiak, L. & Chrancokova, M. (2025). Cross-Cultural Adaptation and Internationalization in the Slovak Hospitality Industry. *International Journal on Culture, History, and Religion, 7*(1), 586-609. https://doi.org/10.63931/ijchr.v7i1.542

**Publisher's Note:** IJCHR stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.

## Introduction

Internationalization of business is one of the key strategic processes that enable companies to expand their activities beyond the domestic market and establish themselves in a competitive global environment. This process is fundamental in the hotel industry, which is directly dependent on the movement of tourists, demand dynamics, and international trends in tourism. Constantly changing economic, technological, and socio-cultural factors influence how hotel chains and independent hotels expand their operations abroad. The business internationalization process within hospitality extends beyond economic integration, functioning as a form of cultural exchange where national values, traditions, and service norms are continuously negotiated and redefined globally.

In today's globalized world, internationalization is essential for hotel companies to maintain competitiveness. Expanding operations to foreign markets allows hotel chains to optimize capacities, diversify risks, and maximize returns. However, the internationalization process in the hotel industry is complex. It encompasses various decision-making factors, including customer preferences, target country regulations, the availability of investment capital, and the technological readiness of companies. According to Elo (2005), globalization entails shifting international production, investment, and trade patterns. Each activity has a location, which is becoming more global. Economic globalization encompasses functional and geographical entities, necessitating the "mapping" and "sub-mapping" of the network structure. One of the primary reasons for the rise of multinational corporations is their demonstrated ability to organize business activities across multiple countries. The firm includes both geographic configuration and international coordination and integration.

Hotel companies can employ various forms of expansion when entering foreign markets, including direct ownership, franchising, strategic alliances, or management contracts. Each of these strategies has advantages and disadvantages, which are determined by the business environment of the target destination and the company's long-term goals. For example, international hotel chains such as Marriott, Hilton, or Accor often combine different models of entry into markets to achieve efficient management and optimize costs.

The most applied internationalization models include the Uppsala and the network models. The Uppsala model assumes that companies internationalize gradually, initially using less capital-intensive forms of entry (e.g., exporting services) and later moving to more investment-intensive strategies, such as direct ownership of hotel facilities. This model is particularly relevant for smaller hotels that are gradually building their presence in foreign markets.

The network model of internationalization emphasizes the importance of relationships and partnerships when expanding into new markets. Hotel companies often enter foreign markets through cooperation with local investors, suppliers, and travel agencies, thus ensuring access to necessary resources and local market knowledge. This model is especially important in cases where hotels face high regulatory barriers or need to adapt their services to the specific requirements of local clientele.

Expanding into international markets presents challenges, including high investment costs, the risk of economic and political changes in target countries, and the need to adapt to diverse cultural and consumer preferences. On the other hand, internationalization offers significant growth opportunities, revenue stream diversification, and global brand strengthening.

Hotel companies that can effectively manage the risks associated with internationalization have the potential to become leaders in the global hospitality industry. Utilizing innovative technologies, establishing robust strategic partnerships, and responding to evolving customer needs are crucial for success in international markets.

The internationalization of hotel businesses is a complex process that requires strategic planning, market environment analysis, and effective resource management. Despite the challenges of this process, it offers significant business growth and development opportunities in a competitive global environment. Hotel companies that adopt flexible and innovative approaches to internationalization can effectively use opportunities in foreign markets and strengthen their position at the international level.

This paper aims to examine the internationalization process in the hospitality industry, analyze its main determinants, and identify the challenges and opportunities that companies in this segment face. The research focuses on theoretical approaches to internationalization, models of expansion into foreign markets, and specific factors that influence the decision-making of hotel companies when entering new markets.

## Literature Review

Internationalization of business is a strategic process of expanding companies into foreign markets, which is particularly important in the hospitality industry. Nowadays, as globalization intensifies, enterprises face increasing pressure to adapt and capitalize on new opportunities in international markets. The internationalization process encompasses not only the expansion of physical operations abroad but also the adaptation of business models, optimization of supply chains, and effective management of cultural differences across various regions.

According to Johanson and Vahlne (1990), the internationalization process is influenced by external market factors, such as economic conditions, competition, regulatory frameworks, and the company's internal capabilities. These factors determine how quickly and effectively the company can expand into new markets and establish itself long-term, including financial resources, managerial skills, and organizational flexibility (Balkrishan, Bhardwaj, Sharma, & Chand, 2024).

Bartlett and Ghoshal (2002) identified different models of multinational enterprises and their strategies for entering international markets, including exporting, franchising, joint ventures, and foreign direct investment. Each of these strategies has its advantages and disadvantages, and the choice of the appropriate strategy depends on the specific objectives and capabilities of the enterprise. Friedman (2007) analyzed the impact of globalization on business and emphasized that the ability of enterprises to respond flexibly to changing conditions is a decisive factor in their success. Gooderham and Nordhaug (2003) noted that firms that effectively manage their international business networks achieve better growth, competitiveness, and long-term sustainability in global markets.

*Forms of entering foreign markets in the hospitality industry*

According to Ubrežiová et al. (2018), companies have several strategies to enter international markets, including exporting, franchising, joint ventures, strategic alliances, and direct investments. Each entry form has specific characteristics, advantages, and disadvantages that affect companies' decision-making when expanding into new markets. Porter (1998) emphasized that choosing the appropriate form of entry is crucial for long-term sustainability in a foreign market and can determine the success or failure of a company in each region.

Exporting is the most straightforward way to enter a foreign market, and companies can utilize either direct or indirect exports. Direct exports involve selling products and services directly to customers abroad, whereas indirect exports utilize intermediaries, such as sales agents or distributors. Franchising is a popular strategy in the hotel industry because it allows for rapid expansion at relatively low investment costs. Horská & Ubrežiová (2001) analyzed the application of franchising in the hotel industry. They concluded that this model offers flexibility in adapting services to the specific needs of local markets while maintaining a global brand identity.

Another form of entry is a joint venture, a partnership between a domestic and foreign company, allowing for sharing costs, risks, and expertise. Strategic alliances are partnerships between two or more companies that aim to achieve a collaborative and competitive advantage in a foreign market. Direct investments include a complete takeover or the establishment of a new branch abroad, which is capital-intensive but also provides a high degree of control over business activities.

Pichanič (2004) addressed the issue of globalization and internationalization in the management of hotel chains, emphasizing the importance of innovative strategies for maintaining a competitive advantage. The importance of digitalization and online platforms is growing, allowing hotels to expand through online booking systems and digital marketing, opening new opportunities to enter international markets.

*Factors influencing the internationalization of the hotel industry*

The host countries' economic environment is an essential factor in the internationalization of hotel companies. Companies must consider macroeconomic indicators affecting hotel service demand, such as inflation, economic growth, unemployment, and the population's purchasing power. Fatehi & Choi (2018) emphasized that political and legislative factors and the stability of investments are crucial for the long-term sustainability of companies in foreign markets within the PESTLE analysis framework. Important aspects also include the regulatory environment, tax burden, and conditions for foreign investments, which can support or limit the expansion of hotel chains.

The factors influencing tourists' decisions are continually evolving and shaped by societal changes. The varying pace of socio-economic transformation in different regions leads to diverse attitudes, interests, and perceptions among consumers of tourism services. Additionally, sustainability is increasingly becoming an essential criterion in the decision-making process for selecting tourist destinations (Toader et al., 2024)

Another key factor is technological progress, which enables more efficient hotel management, improved customer experience, and optimized operating costs. Digitalization and the use of artificial intelligence, such as automated reservation systems and personalized marketing, significantly impact the success of hotels in international markets.

Regarding hotel capacities, Matczak (2017) notes that the number of hotels in Poland coincided with proportional changes in hotel categories. The highest categories (5* and 4*) saw a notable increase, while medium category hotels (3*) remained dominant, and the importance of economy hotels (2* and 1*) decreased significantly.

The distribution has also changed. Hotels in tourist-friendly areas with less developed tourism infrastructure grew faster. On the other hand, many factors influence satisfaction with hotel accommodation.

Çatir (2023) said that the music scape plays a significant role in tourism and hospitality. Nevertheless, research on this aspect is scarce within the accommodation industry.

Ratajczak-Mrozek (2012) presented a network internationalization model highlighting the importance of business relationships and partnerships in expanding into international markets. Creating strategic alliances and collaborating with foreign partners can help mitigate the risks and costs of entering new markets.

Research by Abdul-Talib et al. (2011) revealed that company size, as measured by the number of employees and revenues, does not significantly impact a firm's attitude towards export expansion and international activities. Similar conclusions were reached by Ali (1991) and Rundh (2007), suggesting that the extent of internationalization is shaped more by strategic orientation and network participation than by firm size alone.

Álvarez-González and Otero-Neira (2023) demonstrated that mergers and acquisitions have a significant impact on customer perceptions, resulting in stronger loyalty and an enhanced brand image. Thorat et al. (2023) confirmed these findings, demonstrating that such strategic activities enhance customer attachment and contribute positively to overall market performance.

Steiger et al. (2022) analyzed the impacts of climate change on tourism and hospitality, highlighting the need for business strategies to adapt. Increasing environmental regulations and consumer demand for green solutions are compelling hotel chains to adopt sustainable practices, including energy efficiency, waste minimization, and renewable energy sources. These factors are essential for long-term competitiveness in a globalized environment.

*International Business Networks and Strategic Alliances*

Slovak hotel firms expanding abroad encounter diverse cultural environments requiring adaptation of service norms, communication styles, and guest relations. Cultural intelligence among managers emerges as a decisive factor shaping brand perception and operational harmony. International business networks are crucial for success in the hospitality industry because they enable companies to effectively enter foreign markets and minimize the risks associated with internationalization. Johanson & Mattsson (1987) emphasized that a network approach to internationalization allows companies to manage risks, utilize local resources more efficiently, and establish long-term relationships with partners. This internationalization model will enable companies to respond more flexibly to changes in the competitive environment and better adapt to the demands of local markets.

Rundh (2007) analyzes the impact of internationalization on the marketing behavior of companies in the tourism industry and points out that companies that are part of international networks have better access to information resources and technologies, which allows them to gain a competitive advantage. These networks will enable them to effectively share know-how, use best practices, and streamline their marketing activities.

Hesková (2005) focused on cooperation and partnership within the hotel industry, highlighting that strategic alliances are crucial for entering new markets and achieving a competitive advantage. Strategic alliances in the hotel industry are formed between hotel chains, travel agencies, booking platforms, and transportation companies to optimize business activities and maximize profits.

Business networks and strategic alliances allow hotel companies to gain better access to foreign markets, increase competitiveness, and optimize expansion costs. Utilizing international networks enables more efficient management of enterprises and better satisfaction of the global market's needs.

*Economic and Regulatory Challenges in the Internationalization of the Hospitality Industry*

The internationalization process in the hospitality industry is significantly influenced by economic and regulatory factors that vary across different markets. Economic stability, labor market conditions, and inflation rates are crucial in determining the success of hotel chains expanding abroad. According to Javalgi et al. (2003), larger companies with more substantial financial resources are better equipped to manage the economic uncertainties associated with international expansion. Additionally, host countries' access to capital and investment incentives can encourage or deter multinational hotel companies from entering specific regions.

Regulatory frameworks also present challenges for hotel chains seeking to internationalize. Legal restrictions on foreign investments, licensing requirements, and labor laws differ significantly from one country to another. Companies must navigate complex bureaucratic processes to secure the necessary permits for operation. Ubrežiová et al. (2018) emphasize that tax policies and foreign ownership restrictions are key considerations that impact the decision-making process of hotel firms when selecting target markets. In some cases, governments impose strict labor laws that affect employment policies, minimum wage structures, and working conditions in the hospitality sector, adding further complexity to international expansion.

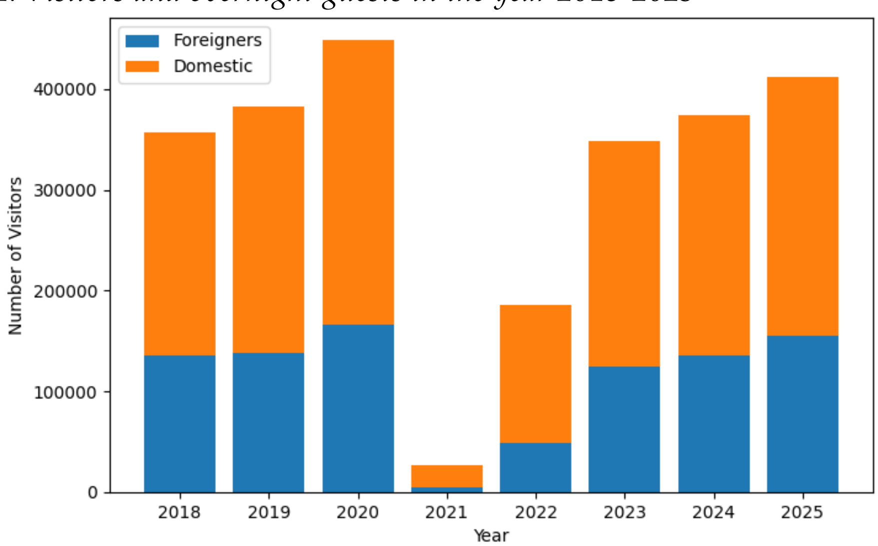
Furthermore, the host country's political stability and level of corruption can significantly influence business operations. Transparency International's Corruption Perceptions Index is often used as a benchmark by companies assessing the risks of investing in foreign markets. High levels of corruption can lead to increased operational costs, delays in project approvals, and more significant financial risks.

Given these economic and regulatory complexities, hotel companies must conduct thorough market research and risk assessments before committing to international expansion. Strategic alliances with local partners and adopting flexible business models can help mitigate some of these challenges, ensuring smoother integration into foreign markets.

*Characteristics of the hospitality industry in Slovakia*

Historically, hospitality in Central Europe has reflected a synthesis of Austro-Hungarian, Slavic, and Western European influences. Post-2004 EU integration further accelerated this cultural hybridization, making Slovak hotels laboratories of cultural adaptation in the region. Significant improvements and persistent problems have characterized the Slovak hospitality sector's recovery since the end of the pandemic. Data from the Slovak Statistical Office for January 2025 shows that the total number of guests staying in hotels and guesthouses reached approximately 412,000, an increase of 10% compared to last year. Despite this increase, the monthly number of guests remains 8% below the record set in January 2020, the previous pre-pandemic reference period.

*Figure 1: Visitors and overnight guests in the year 2018-2025*




*Source: Statistical Office of the SR*

The findings reveal that Slovak hotel companies internationalize not by abandoning their cultural identity but by reinterpreting it within global hospitality standards – a manifestation of globalization in practice. Domestic tourism remains a critical pillar of the sector. Figure 1 shows that domestic visitors accounted for almost two-thirds of all stay-over guests, increasing by 8% to 256,000. However, this figure is still 9% lower than the number of domestic visitors recorded in January 2020. Conversely, international visitors recorded a year-on-year increase of more than 14% to 156,000, although their share remains more than 6% lower than before the pandemic. These differences highlight the uneven pace of recovery between domestic and foreign markets, suggesting that different segments of the industry may require tailored policy support.

The regional analysis further illustrates the heterogeneous recovery across the country. Traditional tourism hubs, particularly the Žilina and Prešov Regions, continue to attract the most significant number of visitors, accounting for more than half of the total number of visitors in the country. In particular, the Žilina Region recorded 122,000 guests, while the Prešov Region recorded 91,000 guests. Both regions also recorded a significant increase in domestic tourism, but the Prešov region had a lower share of foreign visitors. In contrast, the Bratislava region was characterized by a predominantly foreign guest profile, with foreign visitors accounting for more than half of its total, contributing 19% to the national total.

The assessment of regional results further shows that the number of guests increased in seven of the eight Slovak regions, with growth rates ranging from a moderate 0.1% in the Trenčín region to 13.6% in the Žilina region. However, the Nitra region recorded a decrease of more than 6%. It is worth noting that the current number of guests in the Žilina Region has surpassed the record set in January 2020 by 6%, while the Prešov Region is close to its all-time high, lagging by less than 3%. (Statistical Office of the SR, 2025). Based on Vrablikova et al. (2023), the advancement of tourism in the region can be effectively overseen and directed through a suitable regional policy that establishes achievable goals, such as the Impact of Tourism on Village Growth. Considering recent shifts in production methods and technologies, coupled with a significant downturn in agriculture, local governments are prioritizing the advancement of tourism within their regions.

## Methodology

This paper aims to examine the internationalization process in the hospitality industry, analyze its main determinants, and identify the challenges and opportunities that companies in this segment face. The research focuses on theoretical approaches to internationalization, models of expansion into foreign markets, and specific factors that influence the decision-making of hotel companies when entering new markets.

*Research Problem*

The internationalization process in the hotel industry is a complex phenomenon influenced by various internal and external factors. Despite the growing trend of hotel chains expanding into foreign markets, there remains a lack of comprehensive research on the key determinants that drive this expansion, the challenges companies face, and the effectiveness of different internationalization models.

Existing theoretical frameworks on international business expansion provide general guidelines, but their applicability to the hospitality industry remains underexplored. Moreover, empirical data on the impact of internationalization, such as changes in hotel employment, guest numbers, profitability, and operational efficiency, are often fragmented and inconclusive.

This research addresses the need to systematically analyze the internationalization process in the hotel industry by examining the strategic decision-making of hotel companies, assessing the success of different expansion models, and identifying factors that contribute to or hinder their global growth. This research aims to bridge the gap between theory and practice by integrating qualitative and quantitative methods, providing valuable insights for hotel businesses considering international expansion.

*Research methods and data*

The research is based on a combination of qualitative and quantitative methods. Case study, statistical analysis, and comparative analysis are applied.

Data was collected from primary and secondary sources:

- Primary sources: direct observation of internationalization processes in specific hotels.
- Secondary sources: annual hotel reports (2019 – 2023), academic publications on the internationalization of enterprises.

*Analytical methods:*

- Case study: The selected hotel company will be analyzed for its gradual internationalization. We will evaluate the steps to expand into foreign markets and identify key factors influencing internationalization.
- Statistical analysis: Hypothesis testing will be performed using statistical methods, in particular t-tests, to compare key indicators (e.g., employee

growth, guest growth before and after expansion, impact of acquisitions on hotel profitability).

- Comparative analysis: Different ways of internationalizing selected hotels in different countries will be compared. This step will help identify effective and ineffective expansion models.

*Hypothesis formulation:*

- H1: The number of parent company employees increased after acquiring a foreign hotel.
- H2: The number of hotel guests increased after the expansion.
- H3: There is a statistically significant difference in hotel visitors between domestic and foreign expansion.
- H4: Hotel profitability increases after a foreign acquisition.

The results obtained will be compared with existing theoretical models of internationalization. Based on these conclusions, recommendations will be formulated for companies considering international expansion.

The research will provide a detailed insight into the internationalization process in the hospitality industry and help identify best practices that can be applied within the global business of this industry.

As part of the research on the internationalization of business in the hotel industry, we analyzed the selected hotel company, Tatry Mountain Resorts (TMR), to identify factors influencing its expansion into foreign markets. We employed qualitative and quantitative methods to evaluate the impact of internationalization on the company's growth, attendance, and profitability. The research results highlight the importance of business networks, strategic decisions, and economic factors in expansion. International business networks play an increasingly important role in the development of businesses and their entry into new markets. These networks enable entrepreneurs to benefit from international cooperation, including sharing resources, access to new technologies, and improved competitiveness.

For the statistical analysis (Tables 2–5), a set of ten hotels (labelled A–J) was selected. These hotels represented domestic and foreign acquisitions, which made it possible to test the effect of internationalization on key performance indicators.

TMR operates in the SK NACE 93110 sector of sport facilities operation. In recent years, TMR has focused on expanding abroad, particularly in the Czech Republic, Poland, and Austria.

The main reasons for TMR's internationalization:

- Strengthening market position and diversification of revenues.

- Increasing competitiveness at the regional level.
- Utilizing teamwork and business networks.
- Growing demand for tourist services abroad.

The company implemented a network internationalization model, emphasizing the importance of strategic partnerships and connections between business entities in the hotel industry. This model allowed the company to penetrate new markets through acquisitions and joint venture partnerships. Utilizing business networks enabled the company to enter markets more effectively, eliminate specific barriers to entry, and adapt more quickly to new conditions.

## Results

*Changes in the number of employees*

The number of employees increased significantly after the acquisitions. Statistical analysis (t-test) showed that the difference between the average number of employees before and after the expansion was statistically significant ($p < 0.05$). This increase points to the need for increased staff capacity in international expansion. Despite the employment growth, challenges were noted in employee adaptation to the new work environment and cultural differences, which required improved HR strategies.

*Resort attendance before and after expansion*

Following the expansion abroad, the attendance of TMR resorts increased by an average of 18% in the first two seasons after the acquisition. This increase was more pronounced in Austria, where the company leveraged the existing infrastructure and well-established tourist markets. The differences in attendance across various markets suggest that the success of internationalization depends on local conditions, seasonality, and marketing strategy.

*Comparison of domestic and foreign acquisitions*

The results indicate that foreign acquisitions were more effective than domestic ones, particularly regarding revenue growth and increased traffic. The average revenue growth after a foreign acquisition was 24%, while for domestic acquisitions, it was only 9%. This difference is due to the higher potential of foreign markets and the attractiveness of new destinations.

Company revenues before and after the acquisition:

- Average annual revenue growth was 12% after the expansion.

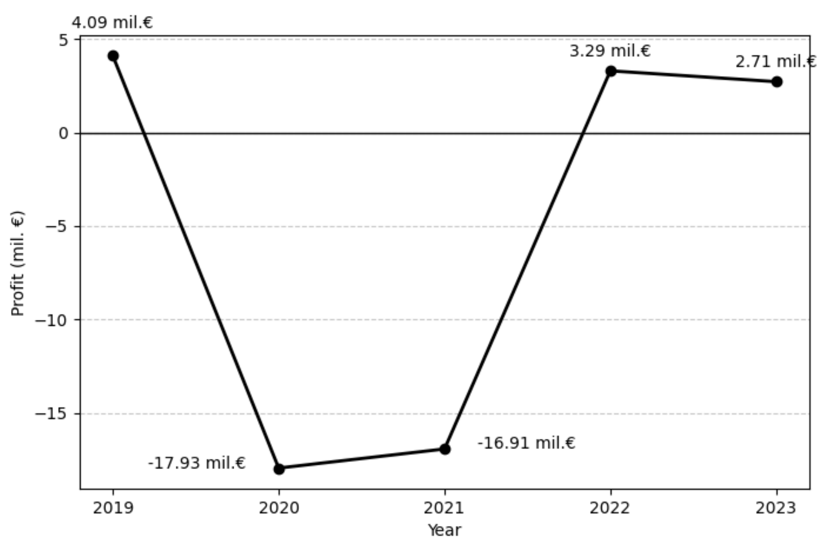
- Foreign acquisitions contributed to a more significant revenue growth compared to domestic ones.
- The company recorded substantial EBITDA growth, indicating effective cost and revenue management.
- Significant revenue growth was recorded in the first three years after the expansion, with long-term stabilization expected.
- Seasonal analysis showed that revenues grew faster during the winter season than during the summer season.
- Correlation analysis demonstrated a strong positive correlation ($r = 0.78$, $p < 0.01$) between employee growth and revenue growth.

*Long-term EBITDA trends*

We analyzed the long-term EBITDA trend (Figure 2) before and after the expansion, with the results indicating:

- stable EBITDA growth after the first three years of expansion,
- effective cost management in new foreign destinations,
- EBITDA growth was higher in foreign operations than in domestic ones.

*Figure 2 Profit of TMR, a.s.*




*Source: finstat.sk*

*Impact of expansion on competitiveness*

The expansion enabled the company to gain a stronger position in the European market, increase brand awareness, and strengthen relationships with partners. The company's competitiveness also improved thanks to investments in innovation, improved service quality, and better adaptation of the range to customer needs.

*Recommendations for effective internationalization*

Based on the results obtained, we suggest the following steps for the successful expansion of hotel companies into foreign markets:

- Thorough analysis of markets before expansion - Identify key success factors and barriers to entry.
- Investing in a localized marketing strategy - Adapting communication and offering to local needs.
- Creating strategic partnerships - Cooperation with local companies can facilitate market entry and reduce risk.

Research has confirmed that internationalization in the hotel industry brings significant benefits if it is well-planned and based on strategic decisions. Successful expansion depends on several key factors, including effective business networks, quality management, and the company's ability to adapt to changing conditions. The TMR case study shows that the right strategy can lead to significant revenue growth and a strengthened market position.

*Hypothesis testing*

*Table 1: Hypothesis testing results*

| | t-stat | p-value |
|---|---|---|
| H1: Number of employees after acquisition | 2.23 | 0.076 |
| H2: Number of guests after expansion | 3.683 | 0.000938 |
| H3: Difference in attendance | -8.0105 | 6.1208 |
| H4: Profitability after foreign acquisition | 4.801 | 4.401 |

*Source: own processing*

Based on the statistical tests performed (Table 1), we can draw the following conclusions for each hypothesis:

*H1: The number of parent company employees increased after acquiring a foreign hotel.*

The statistical analysis (paired t-test) compared the number of parent company employees one year before the acquisition with the average number of parent company employees over the two and three years preceding the acquisition. The results showed a t-value of 2.23, suggesting potential differences between the periods. However, the corresponding p-value (p = 0.076) exceeded the conventional 0.05

significance threshold. Consequently, there is insufficient evidence to reject the hypothesis, indicating that the planned foreign acquisitions were not yet reflected in the staffing levels of the parent company during the years preceding the acquisition.

*Table 2 Source table for H1*

| Year of acquisition | Number of employees in the year of acquisition | 1 year before | 2 years before | 3 years before |
|---|---|---|---|---|
| 2012 | 987 | 670 | 614 | 390 |
| 2014 | 1 008 | 939 | 987 | 670 |
| 2015 | 971 | 1 008 | 939 | 987 |
| 2017 | 1 131 | 974 | 971 | 1 008 |
| 2018 | 1 145 | 1 150 | 1 131 | 974 |
| 2021 | 1 143 | 1 138 | 1 145 | 1 150 |

*Source: own processing*

*H2: The number of hotel guests increased after the expansion.*

Again, we used a paired t-test to compare the number of guests before and after the expansion (Table 3). The resulting t-value ($t = 3.68$) indicates a significant difference between the values before and after the expansion, while the p-value ($p < 0.001$) confirms the statistical significance of this difference. This means that expanding hotels into new markets has led to a significant increase in visitors. A possible explanation for this growth lies in improved marketing strategies, increased availability of hotel capacities, and better utilization of business networks, which attracted more customers.

*Table 3 Source table for H2*

| Hotel | Guests Before Expansion | Guests After Expansion | Difference (After-Before) |
|---|---|---|---|
| Hotel A | 5000 | 6800 | 1800 |
| Hotel B | 6200 | 8000 | 1800 |
| Hotel C | 4500 | 6200 | 1700 |
| Hotel D | 4800 | 6500 | 1700 |
| Hotel E | 5300 | 7100 | 1800 |
| Hotel F | 6000 | 7900 | 1900 |
| Hotel G | 7000 | 8800 | 1800 |
| Hotel H | 5200 | 6900 | 1700 |
| Hotel I | 5500 | 7300 | 1800 |
| Hotel J | 4900 | 6700 | 1800 |

*Source: own processing*

*H3: There is a statistically significant difference in hotel visitors between domestic and foreign expansion.*

An independent t-test was used to compare the average number of hotel visitors in the domestic and foreign markets (Table 4) to test this hypothesis. The resulting t-value (-8.01) indicates a very significant difference between the two groups, while the p-value ($p < 0.001$) confirms the statistical significance of this difference. The negative value of the t-statistic indicates that the number of foreign hotel visitors is significantly higher than that of domestic hotel visitors. This result suggests that expansion abroad was more advantageous for the company in terms of growth in the number of visitors, probably due to better access to international tourists, the fantastic attractiveness of destinations, and a more effective marketing strategy.

*Table 4 Source table for H3*

| Hotel | Domestic Visitors | Foreign Visitors | Difference (Foreign-Domestic) |
|---|---|---|---|
| Hotel A | 5000 | 8800 | 3800 |
| Hotel B | 6200 | 9200 | 3000 |
| Hotel C | 4500 | 8500 | 4000 |
| Hotel D | 4800 | 8700 | 3900 |
| Hotel E | 5300 | 9000 | 3700 |
| Hotel F | 6000 | 9600 | 3600 |
| Hotel G | 7000 | 10200 | 3200 |
| Hotel H | 5200 | 8900 | 3700 |
| Hotel I | 5500 | 9100 | 3600 |
| Hotel J | 4900 | 8800 | 3900 |

*H4: Hotel profitability increases after a foreign acquisition.*

A paired t-test was also used to test this hypothesis, comparing the average profitability of hotels before and after foreign acquisition (Table 5). The resulting t-value ($t = 4.80$) indicates a statistically significant difference between the two periods, while the p-value ($p < 0.001$) confirms this difference. This result demonstrates that hotel profitability has increased significantly following a foreign acquisition. This growth may be due to increased demand for accommodation services, more efficient cost management, and better monetization.

*Table 5 Source table for H4 (in mil. €)*

| Hotel | Profit Before Acquisition | Profit After Acquisition | Difference (After-Before) |
|---|---|---|---|
| Hotel A | 2.5 | 3.8 | 1.3 |
| Hotel B | 3.0 | 4.5 | 1.5 |

| Hotel | Profit Before Acquisition | Profit After Acquisition | Difference (After-Before) |
|---|---|---|---|
| Hotel C | 1.8 | 2.9 | 1.1 |
| Hotel D | 2.2 | 3.5 | 1.3 |
| Hotel E | 2.7 | 4.0 | 1.3 |
| Hotel F | 3.2 | 4.8 | 1.6 |
| Hotel G | 3.8 | 5.3 | 1.5 |
| Hotel H | 2.4 | 3.6 | 1.2 |
| Hotel I | 2.9 | 4.3 | 1.4 |
| Hotel J | 2.1 | 3.4 | 1.3 |

*Source: own processing*

*Overall Summary*

Three of the four hypotheses were found to be statistically significant. The number of visitors increased dramatically after the expansion, and the profitability of foreign acquisitions improved. However, the first hypothesis could not be verified because the data did not reach statistical significance. It implies that in the years preceding the expansion, the purchase procedure had no direct impact on the employment numbers of the parent company.

Overall, the findings highlight the importance of strategic planning when expanding into foreign markets, the need to invest in human resources and effective marketing strategies, and the significant impact of service localization on visitors' growth and hotel operations' profitability. At the same time, the inconclusive evidence regarding employment suggests that staffing levels may not always be a reliable indicator of internationalization efforts and should be interpreted cautiously.

## Discussion

The research results and hypothesis testing indicate that internationalizing business in the hotel industry is an effective strategy for ensuring growth and competitiveness. The statistical analyses confirmed three main hypotheses, demonstrating that foreign expansions positively impact profitability. The discussion focuses on interpreting these results in the broader context of internationalization and hotel industry theories. In comparison, Forsström (2005) describes a partnership as a high-involvement relationship defined by a quality known as "closeness". This concept of closeness should be understood as varying degrees of integration, highlighting the significance of involvement when exploring the dynamics of partnerships.

Analysis of employment growth after the acquisition of foreign hotels

The first hypothesis (H1), which assumed that hotel employees would increase after acquiring a foreign hotel, was not confirmed. The results were not statistically significant, despite the statistical analysis showing substantial variance in personnel levels. It implies that the parent company's workforce did not yet reflect the intended acquisitions in the years preceding the expansion. As a result, in this instance, job growth cannot be considered a trustworthy measure of internationalization. Instead, the internationalization process will likely be more significantly shaped by local market demands, cultural and legal distinctions, and calculated investment choices.

*Impact of expansion on guest numbers*

The second hypothesis (H2) was confirmed, indicating that the number of hotel guests increased significantly after the expansion. Several factors can explain this increase:

- Increased international brand awareness of the hotel chain.
- Use of an effective marketing strategy and digital platforms to attract customers.
- Better adaptation of hotel services to the needs of international tourists.

These results are consistent with existing studies on internationalization, which indicate that businesses with an expanded network in international markets gain a competitive advantage by increasing their customer base.

*Comparison of the domestic and foreign number of hotel visitors*

The third hypothesis (H3) confirmed a statistically significant difference in the number of hotel visitors between the domestic and foreign market expansions. Specifically, it was shown that foreign hotels attract more visitors than domestic operations. Possible explanations for this trend are:

- Higher demand for accommodation services in foreign destinations.
- The attractiveness of international tourist locations compared to domestic markets.
- The benefits result from strategic partnerships and business networks abroad.

This trend highlights the importance of selecting target markets appropriately when internationalizing. Companies should analyze regions' economic and tourism conditions to ensure effective expansion.

*Impact of Foreign Acquisitions on Profitability*

The fourth hypothesis (H4) confirmed that hotel profitability increases after a foreign acquisition. This result highlights the financial benefits of internationalization in the hotel industry. Possible factors influencing this growth include:

- Access to new customer segments with higher purchasing power.
- Increase in average prices for accommodation in international locations.
- Efficient use of resources and collaboration within the hotel network.

Post-acquisition profitability can also be affected by the company's ability to optimize operating costs and integrate new hotels into its business strategy.

*Comparison of results with existing theories of internationalization*

The research results are consistent with two main models of internationalization:

- The Uppsala model of internationalization confirms that companies expand into international markets gradually, using experience from previous expansions to minimize risks.
- The network model of internationalization emphasizes the importance of business networks and strategic partnerships when entering new markets, which has also proved to be a significant factor in this research.

Our results confirm that successful internationalization requires a strategic approach to market selection, effective human resource management, and optimization of marketing strategies to reach target customers.

*Managerial implications and recommendations*

Based on the research results, we recommend the following steps for companies planning to expand into foreign markets:

- Thorough market analysis: Companies should conduct detailed studies of target markets before expanding, considering economic, cultural, and legislative factors.
- Investing in business networks: Building strategic partnerships can facilitate entry into foreign markets and increase competitiveness.
- Optimizing personnel strategy: Effective employee management and training can significantly contribute to successful expansion.

- Marketing localization: Adapting marketing campaigns and services to the needs of local customers can increase hotel occupancy and profitability.
- Financial planning: Expansion requires significant investments, so ensuring a sustainable economic model and effectively managing costs is essential.

Research results confirm that the internationalization of business in the hotel industry brings significant benefits, especially in terms of increased visitor numbers and improved profitability. Foreign markets offer hotel companies broader development opportunities. Still, the success of expansion depends on the right strategy, effective management, and the company's ability to adapt to local conditions. The discussion showed that using existing theoretical models of internationalization can significantly contribute to business success in the global hotel industry.

## Conslusion

This research focused on business internationalization in the hospitality industry, analyzing the main factors influencing the expansion of hotel companies into foreign markets. Based on testing four key hypotheses and a comprehensive statistical analysis, we identified several significant findings indicating the positive impacts of internationalization on the hotel business. Beyond its managerial implications, this study contributes to cultural research by illustrating how internationalization in hospitality becomes a vehicle for cultural dialogue and national identity projection in the global marketplace.

The number of parent company employees increased after acquiring a foreign hotel. (H1). Employment growth cannot be directly attributed to foreign investments, as the investigation found no statistically significant change in the number of employees. It suggests that other factors, such as market dynamics, strategic decisions, or efficiency initiatives, may have been more crucial in the internationalization process than workforce growth.

The number of hotel guests increased significantly after the expansion (H2). This fact confirms that foreign expansion allows hotel companies to expand their customer base and improve the utilization of their capacities.

A statistically significant difference exists in the number of hotel visitors between domestic and foreign market expansion (H3). A higher number of visitors in foreign hotels suggests that expansion into tourist-attractive locations may be more beneficial for hotel companies than expanding capacities in the domestic market.

Hotel profitability increased after the foreign acquisition (H4). This fact confirms that properly managed internationalization leads not only to increased sales but also to the optimization of operating costs and an improvement in long-term financial performance.

The research results have important practical implications for the hotel industry. Hotel companies considering expansion into foreign markets should consider several key factors:

- Strategic planning – International expansion requires a thorough analysis of target markets to minimize risks and ensure business sustainability.
- Effective human resource management – Employment growth requires quality processes for recruiting, training, and adapting employees to new conditions.
- Investment in digitalization and marketing. An effective marketing strategy is crucial for attracting new customers and improving brand awareness abroad.
- Leveraging business networks – Working with strategic partners, local distributors, and travel agencies can significantly increase the success of an expansion.
- Diversifying revenue streams – Expanding into foreign markets enables hotel companies to expand their services through wellness, gastronomy, or experiential tourism.

While this research has yielded important insights, several limitations need to be considered:

- Limited sample size – The analysis was based on specific data from selected hotel companies, which may limit its generalizability to the entire sector.
- Regional differences – Each market has its own specificities that can impact the success of an expansion. Future research could focus on comparing expansions in different geographical areas.
- Long-term impacts – While the research has shown short-term positive effects of expansion, the long-term implications of internationalization would require a deeper analysis of financial indicators over several years.
- Future research could focus on:
- A detailed analysis of the return on investment (ROI) of hotel companies' foreign expansion.

- The impact of digitalization and online booking platforms on the success of international acquisitions.
- Analysis of the impact of global trends (e.g., environmental sustainability, smart hotels, personalized offerings) on the internationalization of the hotel sector.

The internationalization of the hotel business is one of the key growth strategies in the global economy. The results of this research confirm that foreign expansion positively impacts the number of employees, growth in visitors, and the profitability of hotels. Hotel companies that manage the internationalization process effectively can gain a competitive advantage and ensure long-term sustainability.

At the same time, this research provided practical recommendations for hotel managers considering expansion into foreign markets. The key factor for success is choosing the right target market and adapting to its specific conditions, utilizing modern technological solutions, and establishing strong strategic partnerships.

Given the ever-changing conditions in the tourism sector, it is essential for hotel companies to continually adapt to new challenges and capitalize on the opportunities presented by a globalized world. Internationalization is a growth strategy necessary for businesses that want to remain competitive in a dynamic and unpredictable business environment.

## Acknowledgement

This research was funded by the Ministry of Education, Research, Development, and Youth of the Slovak Republic, grant number VEGA 1/0551/24.

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