# THE FACTORS RELATED TO INTERNATIONAL STAFFING POLICY MANAGEMENT OF THE MULTINATIONAL HOTEL COMPANY IN THAILAND

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**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2017**

Thematic paper
entitled

# THE FACTORS RELATED TO INTERNATIONAL STAFFING POLICY MANAGEMENT OF THE MULTINATIONAL HOTEL COMPANY IN THAILAND

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
April 29, 2017

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# ACKNOWLEDGEMENTS

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ABSTRACT

The purpose of this study was to investigate the international staffing policy of multinational hotel companies in Thailand, the importance of expatriate executives and the possibility of using Thai substitutes in these positions. The sample consisted of 3 management level expatriates and 4 human resource managers who work and have experience in multinational hotel companies at least 5 years. The study was a qualitative research study, using In-depth interview with open-ended questions. The results of this study show that the approach of each of the multinational hotels in Thailand to the international staffing policy is similar, while the expatriates are more important to the organization. In addition, talented local people can work in the position of expatriates. Recommendations to the recruitment of multinational hotel, expatriate and local management development were provided in the conclusion section.

KEY WORDS: International Human Resource Management/ International Staffing Policy/ Recruitment Strategy/ Opportunity for Local People/ Expatriate Management

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# CHAPTER I
# INTRODUCTION

Thailand is one of the major tourist destinations in the world. Thailand has a wide range of regional and cultural diversity, and the public sector attaches great importance to the tourism industry, which allows it to grow rapidly. Therefore, tourism is one of the most economically prosperous industries in the country. The hotel business is a very important piece of this industry, resulting in investment in hotel properties in Thailand and in cooperation with multinational hotel management chains to oversee the business of hotel properties and to manage the multinational hotel company also requires management level with international expertise.

The focus of this study is the international staffing policies of multinational hotel companies in Thailand. It will investigate which strategies are used by multinational hotels to select the management level staff, how expatriate managers are important to multinational hotel companies, and the possibilities for local people to work as substitutes for expatriates.

Firstly, a literature review on recruitment strategy or EPG model (Perlmutter, 1969) will lay the groundwork for the current study. Secondly, data collected through in-depth interviews with human resource personnel and management level expatriates working in Thailand will be presented and analyzed. Both the literature review and primary data will be used to further analyze, draw conclusions, and give recommendations for the employment of not only expatriates but locals in multinational hotel companies in Thailand.

# CHAPTER II
# LITERATURE REVIEW

To understand more about international staffing policy, a literature review on related journals and articles was conducted focusing on the attitudes of different nationalities for managing and developing their firm's general strategic profile. All the information from past studies referred to the recruitment of foreigners in the hospitality business.

## 2.1  Definition of International Human Resource Management

To primarily analyze international staffing policy, an understanding of international human resource management (IHRM) is important. IHRM includes the comparative nationality studies of HRM. According to Boxall (1995), international human resource management (IHRM) is "concerned with the human resource problems of multinational firms in foreign subsidiaries (such as expatriate management) or more broadly, with the unfolding HRM issues that are associated with the various stages of the internationalization process" (p. 5). IHRM as a discipline is concerned with human resource management issues that cross national boundaries or are proceeded out of their home country headquarters.

## 2.2  The EPG Model

The study of literature related to international employment policy found links to the concept of conducting business in the international market. This concept was applied to place key personnel in a critical position parallel to the operational nature of that business.

Perlmutter (1969) classifies international organizations' staffing policies into three distinct dimensions: Ethnocentric, Polycentric, and Geocentric (henceforth referred to as the EPG model). The EPG model is an important model which can be used to help companies compete on an international level and to ensure that they are working toward the correct goals and objectives. The EPG model is a framework that companies employ to better specify the strategic profile in international business strategy. The main goal of the EPG model is to understand and raise awareness of the specific focus of the company.

**Table 2.1   Three Types of Headquarters Orientation Toward Subsidiaries in an International Enterprise**

| Organization Design | Ethnocentric | Polycentric | Geocentric |
| --- | --- | --- | --- |
| Complexity of organization | Complex in home country, simple in subsidiaries | Varied and independent | Increasingly complex and interdependent |
| Authority; decision making | High in headquarters | Relatively low in headquarters | Aim for a collaborative approach between headquarters and subsidiaries |
| Evaluation and control | Home standards applied for persons and performance | Determined locally | Find standards which are universal and local |
| Rewards and punishments; incentives | High in headquarters low in subsidiaries | Wide variation; can be high or low rewards for subsidiary performance | International and local executives rewarded for reaching local and worldwide objectives |
| Communication; information flow | High volume to subsidiaries orders, commands, advice | Little to and from headquarters. Little between subsidiaries | Both ways and between subsidiaries. Heads of subsidiaries part of management team |
| Identification | Nationality of owner | Nationality of host country | Truly international company but identifying with national interests |
| Perpetuation (recruiting, staffing, development) | Recruit and develop people of home country for key positions everywhere in the world | Develop people of local nationality for key positions in their own country | Develop best men everywhere in the world for key positions everywhere in the world |

Source: Perlmutter (1969, p. 12)

In table 2.1, it summarizes how the headquarter companies used to create the way to control their subsidiaries that can be categorized into three types as following:

### 2.2.1  Ethnocentric

Ethnocentrism, the first dimension of the EPG model, is based on the attitude that the parent's country nation (PCN) is better than other nations. This view holds that the company will be confident that their home country is more important and superior

than other countries. It assumes that success in the home country's market will be provide opportunities for success in the international market.

Proponents of ethnocentrism believe that "foreign nationals are not yet ready or reliable. [Home country nationals] should manufacture the complex products in [their] country and keep the secrets among [their] trusted home country nationals" (Perlmutter, 1969, p.11).

This attitude can be found in organizations of any nationality. The ethnocentric bias leaks into the communication processes that advise, counsel, and commands release from headquarters to the subsidiary. The executives in both the headquarters and subsidiaries express the national identity of the company by joining together the company with the headquarters' nationality. The importance of the ethnocentric concept is the policy of recruitment and training of home nationality personnel for key position everywhere in the world because they are seen to be better communicators and collaborators with the headquarter; moreover, home country nationals are easier to control. For foreigners, there is a danger that they may feel like second class citizens.

### 2.2.2 Polycentric

The second dimension of the EPG model is polycentrism, which is defined as the host country orientation. The polycentric perspective assumes that the host country's is different and difficult for the foreigner to understand and navigate. Therefore, local personnel will better understand and know what the organization wants. The people in the organization located in the host country should ideally be locals. Perlmutter (1969) found that European multinational companies tend to imitate this pattern by employing top local executives who are strong and honest.

### 2.2.3 Geocentric

Geocentrism is the final dimension of the EGP model. This element focus on a world-oriented approach in multinational management. It seeks the most qualified individual without the nationality bias of either home and host country. The senior executives do not hire or depute responsibility to an individual because he or she best demonstrates the host or home countries opinions. Instead, it seeks to select the person that is best for the organization's goals and will solve the problems worldwide.

## 2.3 Expatriate recruitment

In addition to the EPG model, this literature review also analyzed the expatriate recruitment strategies which are important to multinational hotels.

Barber and Pittaway (2000) examined the changes in the South East Asian environment that may have had an effect on the expatriate recruitment strategies used by multinational hotel companies (MNHC) in this region. They found that expatriate employment is limited by the host country nation's work permit, visa regulations, and imposition regulations which creates a barrier to the employment of expatriates which in turn causes the future labor shortages. The employment of expatriates became important because the hospitality industry continues to grow in this region. Moreover, this study indicates that the employment of expatriates by MNHCs is a quite complicated managerial issue that requires proper management. Without proper management, it can directly impact a company's industrial relations and operational performance. It can also create antipathy in the host nation and have directly effect on service business performance.
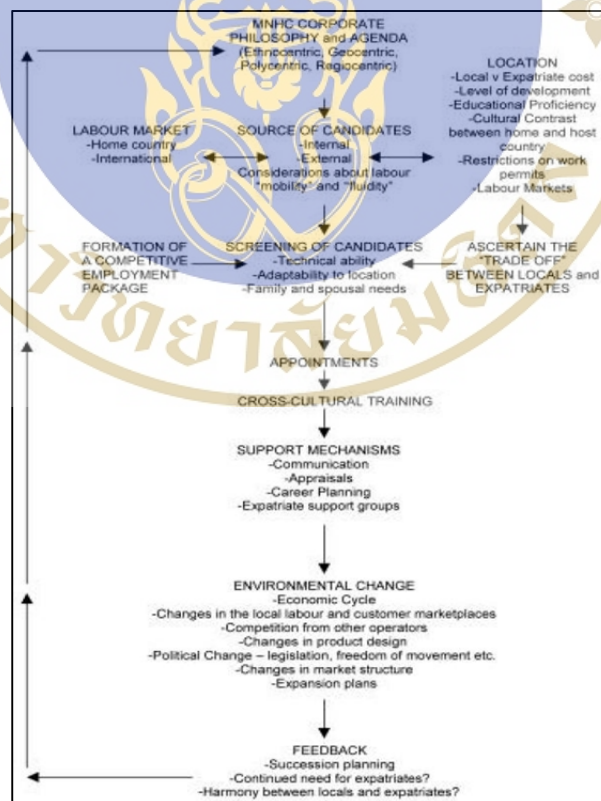


**Figure 2.1  A Model of Expatriate recruitmen**

Source: Barber and  Pittaway (2000, p.357)

The models shown in figure 2.1 is a process of employee recruitment currently used by multinational hotel companies which made up of the current theoretical knowledge about this subject combined with the research conducted. From the figure, it can conclude that the management of the selection of any nationality employee, whether local or expatriate should be based on the philosophy and agendas of the multinational hotel company.

## 2.4 Expatriate Development

Aside from the study of expatriate recruitment for working in multinational hotels, the study of the expatriate development in the organization is another important part of the literature review. This section will focus on the process of empowering expatriates who work for multinational hotel organization.

According to study of D'Annunzio-Green (1997), most MNHC believe that their managers need to have international expertise. However, a study by J.T. Lockhart (1991) found that more than the half of major European companies' surveys show that they lacked a strategy for the internationalization of their managers. Figure 2.2 outlines the key areas that a MNHC must focus on when developing an international management development (IMD) approach. This diagram was developed from research from a sample of senior human resource managers. It identifies three stages to implementing an international management development framework. The first two stages are vital for any organization to complete before developing a detailed program of internationalization. These stages define the structure of the program, the selection criteria, and other results. It can thus infer that development of an experienced international managerial staff that companies will need to build the human resource management systems is a core element of general operation strategy.

**Figure 2.2  Developing the international management development framework**
Source: D'Annunzio-Green (1997)

### 2.4.1  Maturity of organizational management development

The maturity of an organization's approach to management development will determine the scope to which the process is seen as an influential tactical or strategic (Burgoyne, 1988). According to research by Tyson and Witcher (1994), there are three approaches to strategic international human resource management. First, set strategic guidelines, have long-term approaches that are significant for the structure, size, and direction of the company. Second, they identify and implement a short-term flexible plan where strategic human resource policies are designed to be responsive and competitive to the market. Finally, the attributional strategy is more urgent and reactive with decisions taken in response to threat management after the incident. The methods used are influenced by the type of industry, with other variables including the company's philosophy and structure.

### 2.4.2  International recruitment strategy

The recruitment strategy adopted by an organization define the character of its international management development program and the genre of international

manager progressed. Strategic alternative in this scope have inspired much technical discussion, generally moving around the advantage and disadvantage of different organizational ideals diagnosed by Perlmutter (1969). In brief, an ethnocentric method tends to use expatriates in major positions abroad; a polycentric method uses as many local nationals as possible, and a geocentric method uses a combination of nationalities in response to the company's needs. The management implications and issues for management development are as follows: ethnocentricity refers to a centralized system with authority high at headquarters with much communication in the form of advice, orders, and commands. Polycentricity means widely dispersed authority, little communication between headquarters and subsidiaries, and standards for assessment and control mostly determined locally. The geocentric ideal involves more integration between center and subsidiaries to ensure close cooperation between the different parts of the organization, and implementing both universal and local standards for evaluation and control.

### 2.4.3 International career progression policy

This approach is an important issue because it concerns career planning and can raise interest in international careers. Having international management proficiency requires provision of opportunities to gain this experience. Organizations need to support these needs while understanding barriers to career mobility and the human resource development implications. The study of Garavan and Coolahan (1996) fond that the barriers of international career include: a lack of a formal career management system or structured development policy to encourage individuals to consider an international career; a lack of an effective performance management system to identify potential candidates and deal with development issues; a lack of a formal succession planning process which highlights potential opportunities for international postings; and the need for organizations to attract and retain a cadre of international managers.

### 2.4.4  International management competences

Competence is also another important factor for the development of expatriates working in organizations and countries where culture is different from the homeland culture.

Barham and Antal (1994) international management competence into two parts. The first part identifies doing competences, that refers to rapidly managing business interests and the strategic directions, coordinating with other managers, managing change and innovation, and managing personal effectiveness. The second half focuses on being competences, that support the active side of the job and concern the principle that managers think and reason, and the beliefs and values that motivate them.

This literature suggests that the development of international management depends on the organization's strategy for managing the organization in which the organization is headed; moreover, it will have an effect in deciding on strategies for selection, career advancement and internationally developed competence. This results in a variety of methods, including training, selection procedures, and so on.

## 2.5 Case study on the Hospitality Industry about International Management Development

Besides the theory and literature review which has been mentioned in this paper, there are previous studies on multinational hotel companies which study developing international managers in the hospitality industry.

D'Annunzio-Green (1997) researched developing international managers in the hospitality industry.

The first case is an American's multinational hotel. This company has no formal international management development program, but it does not examine this to be a disadvantage. It believes the development opportunities it provides are such that, if individuals are empowered and motivated to succeed internationally, the internal human resources will help them achieve this goal. The company uses a geocentric strategy with complicated succession planning to ensure a communication of international vacancies across the company. Therefore, the company is focused on internal recruitment through management invitation and individual management requests through an evaluation system. The company supports personal development needs and has strict guidelines for training and development, which are connected to business objectives. The prerequisites for these international posts are at least 5 years with the company and the ability to speak at least two languages. In addition, selection criteria such as international background

adaptability and agility are specified important qualifications. Extra training is provided for candidates who wish to work abroad to develop the competencies such as cross cultural awareness and country cultural familiarization.

The second case is a Japanese's multinational hotel, using a geocentric strategy with global recruitment strategy to ensure the best suited person for the job drawn from an international pool of talent. This company's approach to international management development is three dimensional. The first origination is the potential management development program. The program targets candidates between the ages of 21-26 years; moreover, entry into This program has been guided by particular criteria including official qualification, total mobility and competence in foreign language at least one other language. This program is provided to both internal and external applicants with a track record of achievement. Even though the program has a high structure, the speed and ease of training will vary from stage to stage. A mentoring system is actively used to help encourage the young trainees thru this steep career path.

The second dimension is short to medium term supply and demand for international positions which are determined by the combination of assessment, succession planning, and an international transfer via computerized network. Each hotel in this hotel chain creates six monthly work plans, including the expected requirements and sources of recruitment. Qualified individuals will be analyzed via an assessment system and reached into a succession plan that will identify the current working position of the individual and the desirous future working position in six months. Hotels in the region will apply this plan as part of their recruitment strategy. The international transfer system is a global database that follows and gives data on major senior positions all around the world, communicates with widely available opportunities, and promotes international mobility and promotion or transfer of opportunities.

The third dimension to the organization's approach is targeted at senior executives in its hotels. The program is utilized to analyze the desired development needs and ability of executives who are going to be general managers in the future. The criteria for acknowledgement includes a summary of basic management skills programs, international mobility, excellent assessment reports, and good command of written and spoken English. The organization needs to reach the point where all executives get into this project before becoming a general manager.

Based on these two case studies, multinational hotel companies are adopting the same staffing policy strategy: geocentrism. Geocentrism is a world oriented concept that focuses on the individual's ability to fit into the job regardless of the candidate's nationality. However, the two hotels in this case study show that the internationalization of management has a different form and there is no common strategy for its adoption.

## 2.6 Conclusion

After analyzing the literature review of international staff policy, the results can be summarized with the following diagram:
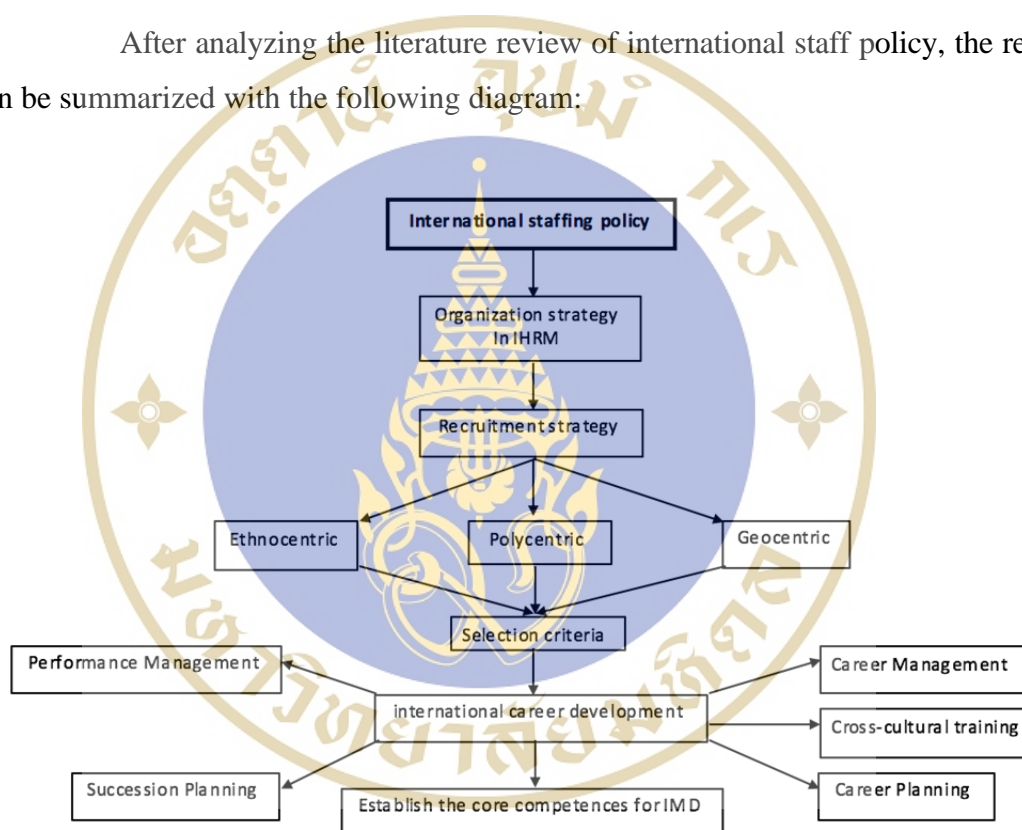


**Figure 2.3  International staffing policy for MNHC**

This chart examines the overview of the international staffing policy process in MNHCs. This research will focus on the organization strategy of MNHCs, recruitment strategy, international career development, and core competences for international management development. By looking at Figure 2.3, we can infer that the international staffing policy begins with an understanding of the organization's strategy, then selects a strategy for employee's recruitment for the organization, where the organization has a career development program to develop the competences of its people internationally.

# CHAPTER III
# METHODOLOGY

## 3.1 Primary Data Collection Method

The real-life experiences and examples can help the analysis and answering of the research questions and will allow for a more tangible and reliable analysis. The qualitative research paradigm can be used to examine the attitudes, feelings, and motivations of international employees who are working in the international business (McDaniel & Gate, 2013). The data was collected through in-depth semi-structured interviews that lasted approximately 40 minutes.

## 3.2 Interview Method

### 3.2.1 Sample Selection

For this study, the subjects comprised of 7 total hotel employees: 3 management level expatriates and 4 human resource managers who work and have experience in multinational hotel companies. The sample is divided into 5 hotel companies: (A) Canadian hotel company, (B) French company, (C) Germany company, (D) Thai company, and (E) American company, all of which are multinational hotel companies. The sample from these 5 companies which have different host countries owner allows the comparison of the different strategies in international staffing policy; moreover, each hotel is well-known hotel chains in its region. The sample selection is summarized in Table 3.1 as follows:

**Table 3.1  Interview list**

| Company | COO | Position | Nationality | Gender | Work Experience |
|---|---|---|---|---|---|
| A | CA | Sale Manager (cluster) | American | Male | 5 yrs. |
| | | HR Manager | Thai | Female | 10 yrs. |
| B | FR | Revenue Manager (cluster) | French | Male | 5 yrs. |
| | | HR Manager | Thai | Female | 10 yrs. |
| C | DE | HR Manager | Thai | Female | 12 yrs. |
| D | TH | HR Manager | Thai | Female | 15 yrs. |
| E | USA | Market director of revenue strategy (cluster) | Malaysian | Female | 19 yrs. |

Note: COO = Country of origin, CA = Canada, FR = France, DE = German, TH = Thailand, USA = United states

### 3.2.2  Development of open-ended questions

The open-ended questions allow the interviewee to have the freedom to give answers according to their experience, facts, and opinion. The list of open-ended questions is created in order to find out about the different between foreign and local managers as shown in table 3.2 as following:

**Table 3.2  Open-ended question list**

| Topic | Interview Question |
|---|---|
| Organization strategy in IHRM For HR | 1) How do you think that your organization strategy will affect and influence the way in which you select both local and foreign managers? |
| Recruitment strategy For HR | 2) In your company, which recruitment strategy (Ethnocentric, Polycentric, or Geocentric) do you use for recruiting management level people? Please, tell me why your company selects this strategy? 3) Which management positions are always in charge by foreign managers? Please, give more details as to why is it important to have them in these positions? 4) Following the previous question, do local employees agree on this recruitment policy. Are they ok with that? Do employees feel stuck in their careers? |

**Table 3.2  Open-ended question list (cont.)**

| Topic | Interview Question |
|---|---|
| Recruitment strategy For HR | 5) In your opinion, do local people have the potential to replace expatriates to work in those positions? Why or why not? 6) How should Thai employees improve in order to be able to work as expatriates? 7) In your organization, do local employees agree on the recruitment policy? Are they ok with that policy? 8) How does Thai law favor or obstruct the hiring of expatriates in the hotel business? 9) What kinds of problems and obstacles does your organization face in recruiting expatriate manager? How does your organization overcome them? |
| Career development For foreign manager | 10) Does your company provide cross-cultural training to you? If so, how did it help in your multinational career? 11) Does your company provide a career development program to you? If so, what are the benefits that you gain from the career development program? 12) How did the career development program affect your career path? |
| International management competences For foreign manager | 13) In your opinion, which competences help you to work in the multinational career? |

### 3.2.3  Development of probing techniques

The interview was conducted either as an in person interview or phone interview so that after each question, the interviewer would be able to ask for real examples and reasons from the given answer to delve deeper into detail.

### 3.2.4 Conduct the Interview

Each interview took approximately 40 minutes and included an introduction and probing of each questions. The final stage was the gathering of the information from the interview answers and analyzing the data by categorizing the answer into topic of factors to summarize into conclusions.

## 3.3 Research Framework

From the data collected from in-depth interview, the final conclusion of this research will be made from a combination of both primary data and the information from the literature review. The relationship to finding the differentiation of international staffing policy of each company is exemplified in Figure 3.1.
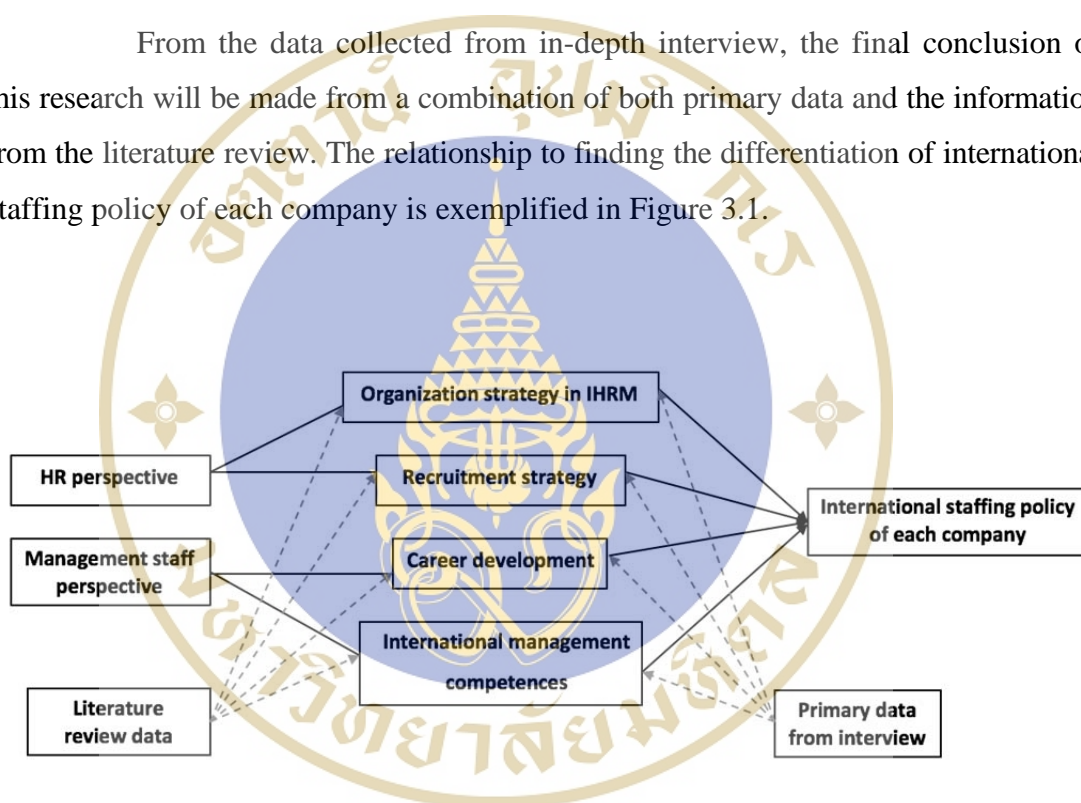


**Figure 3.1 Research framework**

# CHAPTER IV
# DATA ANALYSIS

## 4.1  Organization Strategy in IHRM

### 4.1.1  Type of business

All the interviewees said that the hotel industry is specifically diverse and more complicated than other businesses because it operates in a multicultural environment. Therefore, the diversities of a culture has a strong influence on the organization strategy in IHRM. Most multinational hotel companies in Thailand hire expatriate managers to help in hotel service and management as professionals. For example, the HR manager of company B said that "I agree that expatriate managers are essential for our company. Hotel business is a part of the travel industry; moreover, most of our clients are varieties nationality foreigners, so expatriate will better understand in international market needs and expectations."

### 4.1.2  International chain

All the interviewees work in an international hotel chain whose parent company has relatively high standards which guides the selection of employees for main positions, such as general managers and hotel managers. It is the responsibility of the parent company to recruit management for the regional hotels, or it may be possible to offer internal expatriate executives to choose to manage their own property. According to the hotel staffing policy of each chain, the hiring of secondary positions, such as executive committees and middle managers, is the responsibility of each hotel management corporation. In addition, each sub-brand has a different way of selecting employees, depending on the size of the organization.

### 4.1.3 Management operation style

All the hotels that my interviewees work for use a hotel management company to manage the local properties in Thailand. Under this system, the owner of the property signs a management contract with the hotel management company. As a result of this, all of management, including human resource management, is under the responsibility of the hotel management company. The director of company E, a Malaysian expatriate, confirms this by saying that "managing under hotel management company, we are human resource of the hotel management chain company which focus on the care and development of personnel. Moreover, it also promotes career advancement. The selection of management level will be in accordance with the hotel chain company policy."

## 4.2 Recruitment Strategy

Based on interviews, the international staffing policy of each hotel sample can be summarized in figure 4.1 as follows;

**Table 4.1 International Staff Policy of Hotel sample**

| Company | Ownership | Recruitment strategy | General approach |
|---|---|---|---|
| **Company A** | Canadian | Geocentric | The position of general manager is the duty of the parent company to find the best suited. Other managers have been selected by internal sources from existing candidate pool. |
| **Company B** | French | Geocentric/ Ethnocentric | Managers are chosen by the most appropriate people, regardless of nationality, But the management of the parent company also preferred to coordinate with French. |
| **Company C** | German | Ethnocentric/ Geocentric | GM and Hotel manager were German executives who were sent from his parent company to stay at a regional hotel to ensure control and communicate with headquarter. EXCOM. and middle management are recruited from the most suitable candidates. |
| **Company D** | Thai | Geocentric | The best suited expatriates employed in most senior management positions to respond to fast growing company for fast and international response. |
| **Company E** | American | Geocentric | The headquarter will select the most qualified candidates as an option for hotel property owners to choose as General managers. Other managerial positions will be sought from internal sources of hotel management chain. |

In addition, there are other secondary reasons for international staff policy as follows;

### 4.2.1  World orientation

Most of the human resource managers in the sample affirm that the multinational hotel staffing policy focuses on looking at the suitability of a person more importantly than choosing a person from his or her nationality. The hotel business requires a diversity of ideas and aspects that are universal and therefore cannot be based on one nationality's thinking. Therefore, the hotel business looks at the world as a single market, and the business strives to meet the needs of its customers all over the world. Although, nowadays, there is adaptation of the idea of world orientation for the selection of executives, there are also some gaps in the practice as revenue manager of hotel B, a French expatriate, has said that "even nowadays, the hotels of this hotel chain are choosing the appropriate executives, but the company still favors French candidates more than any other nationality, which I noticed from the number of French executives in the hotel chain who are working in Thai hotel properties are mostly French. This may have been caused by senior executives at the head office of this hotel chains are also mostly French."

In some cases, the top executives may be recruited from parent companies such as in the case of Hotel C. This is because the hotel management chain of Hotel C has smaller organization structure than the other hotel chains, and this chain only operates one property in Thailand, thus using German top management executives will lead to better communication with the parent company. However, this does not mean that Hotel C's strategy and standard is based on those of the home country because the value of this hotel chain is a differentiation of all the hotel property, but all of them should be classified as luxury hotel.

### 4.2.2  Major positions for expatriates

According to the interviewees, the majority of positions held by expatriates in Thailand are that of general managers, revenue managers, resident managers, and sales and marketing managers/ directors. The HR manager of Hotel B said that "expatriates will understand well about hotel standards, image, core concepts, and identity that make them perform well in the positions that require a universal vision, because most clients

are foreigners from many different countries. Moreover, they can confront with the problem and different opinion; moreover, they can express their idea better than Thai people".

Some hotels use expatriates as a result of its parent company's policies. For example, the HR manager of Hotel C provided information that "the parent company would select a German executive from its headquarters to run the business at the local hotel property."

Sometimes in the selection of foreign employees, local hotel properties need someone with a nimble, international, and innovative vision to match the growth of the hotel chain company internationally. HR manager of Hotel D is quoted saying "this Thai hotel chain is growing relatively fast and we aim to expand the hotel brands under this hotel chain to foreign hotel properties, so the hotel focuses on hiring expatriate executives because they have a more international perspective than local people, because most of them have an international experience. In addition, the way they work is also straightforward, which is what our hotel needs."

Special skills are another reason the hotel considers employing foreign employees. Expatriate director of Hotel E provides information that "the hotel employs expatriates only if they have specific skills, such as salespeople for Chinese, Indian and Japanese market will be the people of that particular country to take care of. In addition, the hotel also employs authentic Japanese soba (Japanese noodles) chef from Japan to match international service."

From the interview data, it can be concluded that there are three factors in hiring expatriates. Firstly, the policy of the parent company to select foreigners is based on local hotel assets. In most cases, this policy applies to the selection of top executives such as general managers and hotel managers. Secondly, hotels hire expatriates because they have a modern and fast minded approach to the rapid growth of the hotel business, because expatriates have a different view if compare with Thais, and  because they better understand the needs of their clients who are foreign tourists than local people. Thirdly, hotels employ expatriates only if they have unique skills. The ability to communicate is not sufficient for these positions. They also have to be able to understand needs of the specific nation's market, which are consistent with international hotel services.

### 4.2.3 Attitude

According to all of the interviewed human resource managers, the attitude of the potential employee is the first and most important factor in finding the right person for the position. They do not want to waste money and time with a person who does not fit with the organization. They talent and skill can be acquired on the job, but the attitude of the person cannot. The hotel need motivated people who are ready to learn new skills, to inspire in the position that they occupy, and, most importantly, have a service-oriented mind. Therefore, if a potential employee with knowledge and skills lack this type of attitude, they are not suitable for the position. In addition, candidates must have the attitude that is appropriate and promotes the hotel's appearance and strategy. For instance, Hotel C categorizes itself as a luxury hotel, so it needs a person who is confident and elegant.

According the important of the attitudes in selecting employees in multinational hotel companies, the interview method of the hotel must be very concentrated. The HR manager of Hotel A said "we have a strict interview in recruitment to find the exactly right person for our hotel which every candidate, whether local or expatriate, will be interviewed in 5 steps. Firstly, they will pass pre-screening from the HR department. Secondly, they will be interviewed by a HR manager. Thirdly, they will be interviewed by team members who are going to be future colleagues if they are hired. Fourthly, the executive committee of the applied department will interview the candidate. Finally, the general manager of Hotel A will interview the candidate by themselves."

### 4.2.4 Opportunity for Local people to replace the expatriate manager

According to the comments of all the interviews, whether the Human Resources Department or the management level expatriate interviewees, are of the opinion that everyone, regardless of nationality, can work in management positions especially in positions that are usually headed by expatriates. Moreover, all human resource interviewees also support that not all expatriates perform their work effectively. The HR manager of company C supports this by adding "there are some foreigners who cannot work with Thai people because they cannot adapt to new cultures and some of them are ineffective in their job performance which causes early termination of contract." Moreover, the director of company E, an expatriate, has great success employing a Thai employee in

a position normally held by an expatriate. This particular employee had a Bachelor's degree. This director commented that "I recruited her as a management trainee because she was a high potential Thai who can guarantee that she will succeed in her career and work as an executive in the future and now she is an assistant market director of revenue strategy. The reason that I recruited her is her confidence and ability face problems, offer ideas to the board of directors, and her broad vision.". Moreover, the director also provided information about the characteristics of those who come to work as multinational hotel executives that "they have to stand and fight for themselves, because they have to face other stakeholders sometimes to bargain when they do not have what they want, but the disadvantage of Thais is that they do not like confrontation. It is a couple of culture aspect the place and important part that maybe sometimes you need someone who is not so Thai in them which Thais younger generation at the present, they really think more outside the box or people who graduated abroad will think different view as well, so these are the individualist that can manage cultural differences which make them not the same and unique." On the other hand, in the view of human resource manager of Hotel C, the local people who are able to work in management positions must have a lot of working experience and seniority. She supports that "Thai culture is not like foreign culture, because Thais are concerned about the importance of seniority which the talent people but not the senior may not be respected, so ability and seniority must come together. It will be different to the younger expatriates who are going to be hotel executives that Thai people can respect.".

Based on this interview data, there are two factors that make Thai people suitable to work in the position that is normally held by expatriates. Firstly, the personal factors that local employees wishing to work as hotel executives rely on include individual skills, competency, motivation and commitment. Secondly, cultural factors affect the suitability of local people to become hotel executives, divided into two ideas: modern ideas and traditional ideas. Modern ideas support that young people have their own ideas, high self-esteem, and the ability to face confrontation, which are all important for performing management level tasks. On the other hand, traditional ideas focus on hierarchy, seniority, and respect of people who are going to be hotel executives occupying these positions.

## 4.3  Career Development

### 4.3.1  Cross cultural training

Cross-cultural training is an important topic. Every hotel emphasizes that all expatriate employees will be trained, even they are executives. Typically, training is provided before new employees start working. Traditionally, cross cultural training focuses on manners and customs of Thai society. In addition, there may also be other activities with regard to the study of Thai culture. Hotel C provides an interesting cross-cultural training program. They provide a welcome package and handbook which includes a Do's and Don't guide, a guide working with Thai people, and a guide to Bangkok. In addition to handbook, the company also offer cross-cultural training through the outsourcing company. They also take their expatriates on off-site tours. The Human Resources training division is responsible for taking expatriates on one-day trips which in the past, have included cultural sites such as Ayutthaya. Hotel D, on the other hand, has a different training approach. Its training department has developed its own cross-cultural training program, which the content of the training focuses on working with local people.

Based on the interview data, cross-cultural training by outsourcing companies are more effective than in-house training because they are a specialized training team of Thai culture and manners. The director of company E believes that the cross-cultural training that he received allowed him, a Malaysian expatriate, to adapt to Thai society.

### 4.3.2  Specialist development

In the workplace of a multinational hotel, the management must have special skills. In addition to the hospitality operations, the hotel will provide in-house training and also send executives to the public training on the topics that are necessary for their duty and position. HR manager of Hotel B said that "in addition to in-house and public training, managements were also sent to train special skills at their head office in Bangkok." In the same vein, the revenue manager of Hotel B said that "I had to attend the specific revenue training at the head office in Bangkok. The program was divided into four levels, which I now achieve at level three and am waiting to be trained at the fourth level."

### 4.3.3 Potential management development

Hotel D has a well-developed management trainee development program focusing on expatriates who are newly graduated. Because the company has a large Chinese and Taiwanese client base, the company is particularly interested in Chinese and Taiwanese expatriates and the hotel has cooperated with educational institutions in China and Taiwan to recruit qualified candidates. Mostly, they are assigned to area of operations that are in direct contact with the client. The duration of the management development program is about 6 - 12 months. In addition, Hotel D also has an international management development program for internal staff which she explains about this program that "the candidates must have a position not exceeding the supervisor's position to be eligible for this program. The candidates must pass the test, write a statement of purpose in English, make short video clip recommendations about themselves, and interview in English. Then, when they are selected, they must attend a six-month training course at Dhurakij Pundit University. They then do an internship for six months in Switzerland. Then, they are going to work to pay back the sponsored.". Company B, also has a management development program called the 'talent program' which HR manager describes as "is an eighteen to twenty-four months' fast track development program aiming to prepare best performing head of departments to become directors, executive assistant managers or regional managers. The program focuses on the acquisition of both technical and management skills. The format of this training includes classroom training session, e-learning modules and cross exposure assignments."

## 4.4 International Management Competences

### 4.4.1 Host country language skill

All interviewees said that local language knowledge is a necessity for expatriate managers because language is a cultural medium that will allow expatriates to better understand the host country culture. In addition, not everyone who works in the hotel will be able to communicate in English, such as the rank and find workers, so knowing Thai will help them to understand this group of workers. The human resources managers say that Thai language learning does not aim to make foreigners fluent in

Thai, but they just want foreigners to use enough Thai to be able to understand when their local subordinates speak; moreover, it will also help to make a better work atmosphere and reduce cultural differences. According to HR manager of Hotel C explains that "our hotels have encouraged foreign executives who are interested in learning Thai by providing Thai language teachers and our hotel will be responsible for the cost of Thai language course."

### 4.4.2  Culture adaptation

Being able to adapt to a new culture is important to both foreigners and local people working together in multinational corporations. All human resource managers commented that not only foreigners try to adapt their behavior to local people but local people also have to adapt to foreigners. Both parties need to understand cultural each other's cultural differences and try to pull good points of each culture to adapt to the way to work to maximize performance. Most local people think that foreign executives are better off and that they have higher salaries than they do, but they do not know whether they are under the pressure that the company expects of their performance. Adapting to a new culture is a pressure on one's work, which also has the effect of being inaccessible to followers. The French manager of Hotel B described adaptation to the new in the following way: "I felt that I was not belonging a part of this organization, with the distance between the boss and his subordinates, which makes me unable to communicate with the subordinates." In addition, The American sales manager of company A also discusses the problem of working with local people: "I have been accused by local people that I behave in an aggressive behavior with local people which no one wants to work with me. The problem was caused by communication because local people did not like that I am a straightforward person.".

### 4.4.3  International perspective

All the interviewees commented that executives of multinational corporations should have a broader vision. An executive with a purely domestic perspective cannot achieve the goals of a multinational hotel company. At this point, foreigners are advantageous because most foreigners who work in this profession have a clear goal of growing

internationally and gaining the advantage of visa and work permits which gives them the ability to grow internationally.

# CHAPTER V
# RECOMMENDATION AND CONCLUSION

## 5.1  Conclusion

By adapting and utilizing both the information from the literature review and primary data from qualitative research by in-depth interview, it can be shown that the factors that influence international staffing policies in multinational hotel companies include organization strategy, recruitment strategy, career development, and international management competencies.
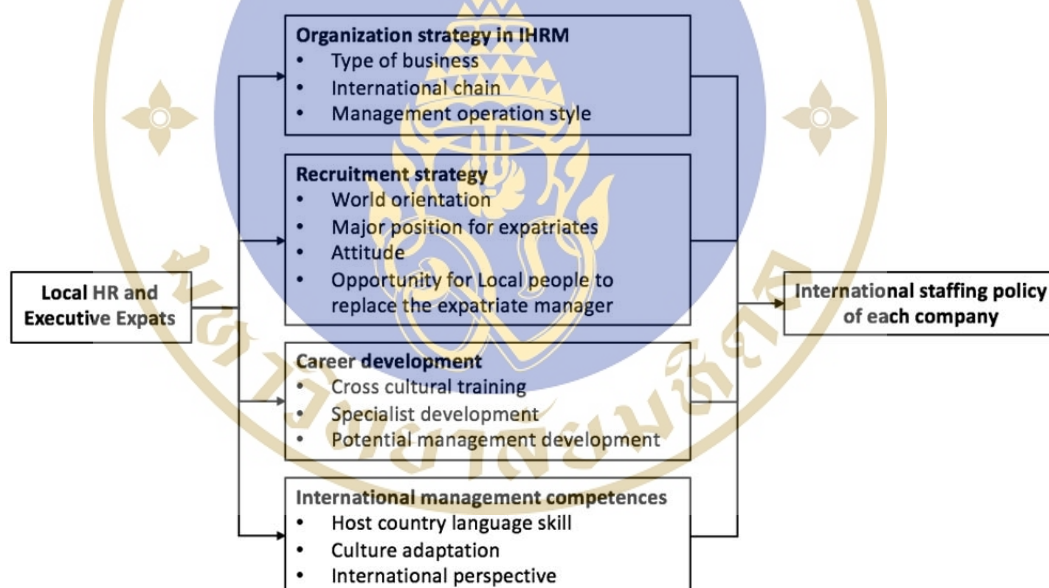


**Figure 5.1  International staffing policy management of the multinational hotel company in Thailand**

Finally, the EPG model by Perlmutter (1969) can be used to explain the reasons and motivations behind the international staffing policies strategies of these organizations. It is a model of the strategies that multinational hotel organizations use to oversee their international operations. I found that French and German companies

use strategy mixed between ethnocentric and geocentric hiring strategies, which is inconsistent with previous studies. The German company uses different strategies with different management levels, while French companies use a geocentric strategy as their main strategy, but in practice, they tend to favor ethnocentric due to the nationalism of the headquarters. However, it has been found that the international staffing policy strategy in primary data is consistent with the findings of D'Annunzio-Green (1997). Multinational hotels in Thailand also use the geocentric strategy as their major hiring strategy to find the most suitable people.

In addition, it can be inferred that expatriate workers are very important to multinational hotel organizations because they can fulfill the corporate objectives and maintain key management standards in local property, a finding which is compatible with those of Barber and Pittaway (2000). However, there is support for the claim that Thais are able to work in positions that are often held by expatriates, even if they need to develop their skills, competencies, confidence and motivation in order to be able to work in these positions. The recruitment strategy reflects the policy and needs of a hotel to hire people who are suitable for the position, regardless of the applicant's nationality, even though in practice, some companies are more likely to favor people from their home country. In addition to the recruitment strategy, career development is also important for the organization to develop the professional capacity of personnel; such as cross-cultural training program to help foreigners adjust and behave appropriately in the new culture workplace; training to enhance performance by training specific skills in the job; and developing potential management program to benefit candidates who are interested in growing internationally.

## 5.2 Recommendation

Based on the conclusion derived from the research, the recommendations for the development of international staffing policies for multinational hotel companies operating in Thailand are as follows:

### 5.2.1 Carefully check the readiness of the potential manager.

The personal readiness of those wishing to serve as executives is an important factor for every multinational hotel. Hotels should start with recruiting the most suitable people to work because they will not waste time and money in training their employees and finding after that they are ineffective. Expatriates must be prepared to encounter a new culture and the problems associated with cross-cultural employment. It is clear that not all foreigners can adapt to the new culture, but it is fortunate that Thai culture is not aggressive, so it is easier for foreigners to adapt. On the other hand, local people need to develop their personal skills, abilities, motivation and confidence. Moreover, it would be very useful if local candidates have readiness for international experiences, as this is what multinational hotel companies seek.

### 5.2.2 Increase the potential of local people in order to succeed in multinational hotel management positions

The interview data found that Thai people are able to work in positions traditionally held by expatriates, thus hotels should have policies that promote potential local people to these positions. In order to work in these positions, they need to develop the specific skills necessary for the job and the competencies such as communication, foreign languages ability, and leadership skills. The organizations will need to motivate and support potential local employees so that they are committed to growth at the management level of the multinational hotel company. Sometimes, local executives face problems with seniority. For example, leaders are not respected by their subordinates because they are young and are perceived to be unable to command their followers. This problem must be improved by the executives themselves by conduct themselves in the proper behavior to be respected by followers.

### 5.2.3 Development of a HRM system

• Recruitment from the right people without prejudice in the candidate's nationality. From the primary point of view, multinational hotels in Thailand use a geocentric strategic approach to the selection of executives and specialized staff, so the selection of employees should be free of prejudice or privilege for any nationality. The hotel must look at the potential and suitability of the applicant. According to the

primary data, there are still some hotels that retain the ethnocentric approach, which often selects the same nationality as their parent company. This is because it is felt that they can better communicate with the head office executives. However, an appropriate recruitment of staffing policies should be made by recruiting internal candidates first to engage employees to be aware that they have the opportunity to succeed in this profession

- Strengthen international experience to employees. International experience is a key factor in working as an executive in a multinational hotel. In developing a manager with international experience, organizations must develop a human resource management system as a core component of their organization strategy and adopt a management development program. Each hotel's management development program may vary in each hotel, but it is indispensable component for the development of the potential candidates to grow their international experience, as it must meet the company's growth at an international level and core values in people. Therefore, the hotel should have programs to improve the international experience of potential local candidates, including, but not limited to, management development programs which coordinate with other hotels in foreign countries.

- Create and develop cross-cultural management Cross-cultural competence is a main factor for expatriates working in a culture whose culture differs from their culture. Most of the training must focus on training in local culture for expatriate management. In fact, cross-cultural training should not be restricted to expatriate managers, but should include other stakeholders, such local management and staff to get better acquainted the expatriates.

## 5.3 Limitations

First of all, this study is limited to Thailand. Second of all, while human resource managers and expatriates was chosen for their perspective of international staffing policies of multinational hotel companies in Thailand, this study lacked the perspective of local managers working in positions that held by expatriates. Third of all, the study had a limited sample size and included samples from American, French, Germany, Canadian and Thai multinational hotel companies, but lacked samples from major Asian multinational hotel companies which are also considered key players in

this business. The inclusion of Asian multinational hotel companies would have interesting, different, and complementary information. Last of all, this study has a problem of interview questions, when the group of questions has been sent to the hotel that needs to be investigated, rejected because of questions about sensitive topics which some hotels do not want to share their strategic information.

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