

Human Resource Management



**International
Perspectives
in Hospitality
and Tourism**

Norma D'Annunzio-Green,
Gillian A. Maxwell and Sandra Watson



HUMAN RESOURCE MANAGEMENT

International Perspectives in
Hospitality and Tourism

Edited by
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Foreword

I have great pleasure in welcoming this latest addition to a growing reflective literature on human resource issues in the international hospitality and tourism industry. At the time when I assembled a similarly titled book,¹ some eight years ago, there was little available to the student, researcher or practitioner that provided a comparative international framework for consideration of human resources in our sector. Texts available were prescriptive, mono-cultural and inclined to steer clear of the controversial debates that exist in most countries regarding this area. Subsequent work by, among others, Wood,² Lashley³ and Hofmann *et al.*⁴ have all contributed to a broadening of discussion and the reflective illustration of key facets of human resource management (HRM) in hospitality and tourism.

Reflective comparison, questioning and lesson-drawing⁵ are essential to the student seeking to integrate learning about HRM with his/her understanding of the international hospitality and tourism sector. They are also vital to the professional grappling with the complex and often contradictory tensions that are generated by HRM in practice. Living with contradiction and accepting that there are few certain answers are important but difficult lessons to learn. It is also important to recognize that possible answers may be found in local best practice or in the experience of international colleagues operating in a very difficult environment.

This book provides a wonderful opportunity to learn from the research and applied experience of others in addressing key human resource issues in international hospitality and tourism. Geographically, the book locates discussion in Australasia, North America, Europe and South Africa and takes a largely developed world perspective. Functionally, this volume covers three key themes of employee resourcing, employee development and employee relations.

There is little doubt that issues and conclusions in this book will spark debate and, probably, disagreement. If this is the case, and this debate takes place in the classroom and the staffroom, then the collective efforts of the editors and contributors will have been vindicated. I am certainly looking forward to making productive use of this work.

Professor Tom Baum
The Scottish Hotel School
Strathclyde University
Glasgow, UK
June 2001

NOTES

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1

Human Resource Management Issues in Hospitality and Tourism: Identifying the Priorities

**Sandra Watson, Norma D'Annunzio-Green and Gillian A.
Maxwell**

ABSTRACT

Delivering hospitality and tourism products and services across international frontiers to discerning customers in highly competitive and dynamic market conditions presents a range of organizational challenges. Human resource management (HRM) represents a valuable tool for meeting many of these challenges and adding value in organizations. This chapter provides an insight into key HRM issues in international hospitality and tourism organizations. Examination focuses on a review of international HRM and discussion of strategic HRM. The chapter draws from the authors' worldwide survey of current and prospective human resource issues preoccupying international hospitality and tourism organizations.

INTRODUCTION

The purpose of this chapter is, first, to outline the literature on international and strategic HRM. Secondly, the results of an international survey, conducted by the authors, provide an analysis of current and future HRM issues facing hospitality and tourism multinationals. The survey also exposes which HRM issues are perceived as being strategic. This allows the authors to draw parallels between the theoretical and empirical issues facing the international hospitality and tourism industry. This chapter also provides the context for the other chapters in this text, by highlighting the rationale

for the selection of specific topics covered by the authors. Internationality is defined, straightforwardly, in this text as hospitality and tourism organizations which operate in more than one country.

THE FRONTIERS OF INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Interest in international human resource management (IHRM) has seen a rapid growth 'especially in the last five years' (Kamoche, 1997, p. 213). The correlation between global organizations' human resource practices and the success of their global business strategy is a well-argued and recurring theme in much of the IHRM literature (Wellins and Rioux, 2000; Ulrich and Black, 1999; Schuler *et al.*, 1993). Effective HRM strategies are seen to be essential because international expansion and operation places additional stress on all resources, but particularly on people (Joynt and Morton, 1999).

For many hospitality and tourism operators, expansion opportunities in local, domestic markets have recently been limited by intense competition. At the same time there are attractive and often lucrative opportunities for business growth in foreign markets (Go and Pine, 1996). Expanding international travel, technological advances and the emergence of seamless organizations have further fuelled the rapid expansion of hospitality and tourism organizations (Kriegl, 2000). 'The global economy is now a reality' (Luthans *et al.*, 1997, p. 183) and globalization has become a fundamental part – even a priority – of business operations for many hospitality and tourism organizations, irrespective of their size. The challenges for organizations operating in international markets present something of a new frontier for human resource management, as Wellins and Rioux (2000, p. 79) point out: 'although operations, sales and marketing functions have generally made great strides in adapting to the global reality, most human resource functions are still breaking new ground in developing policies, structures and services that support globalization'. Luthans *et al.* (1997, p. 183) go further in expressing the essential challenge in IHRM: ('the challenge facing international human resource management is not whether to use widely recognized human resource concepts and techniques but how to effectively adapt and fit them across cultures').

Defining International Human Resource Management

Morgan's (1986) definition of IHRM, which is adopted for this chapter, reflects the challenge and scope of IHRM; it also differentiates IHRM from the more domestic focus that is the thrust of much of the general HRM literature. As defined by Morgan (1986) IHRM is the interplay between:

- basic human resource functions (e.g. human resource planning, recruitment and selection, performance management, training and development, employee relations);
- the different types of employees (e.g. expatriates, local and host country nationals); and
- the different countries of operation within which subsidiaries operate.

Thus, in broad terms, IHRM involves many of the same functional areas as domestic HRM but has the added complexity of working across different national boundaries and with more groups of employees. The role of IHRM in international hospitality and tourism companies is important, even central, according to Napier and Vu (1998, p. 43) who see it as the 'glue' that holds together a business's global activities relating to acquiring, developing, appraising and rewarding all employees – local and non-local – alike. (To ensure business success, it is important to ensure IHRM practices are 'consistent across units within the firm while being adjusted to local conditions') (*ibid.*). Insight into cultural and political awareness and dimensions in different countries is arguably an 'overwhelming challenge' (Schneider and Barsoux, 1997, p. 150) for IHR managers. The difficulty of the challenge does not, however, detract from the importance of developing vertically and horizontally aligned human resource policies and practices in the key areas of employee resourcing, employee development and employee relations. With this in mind, the text has been divided into three discrete, but interrelated areas of human resource management: employee resourcing, employee development and employee relations. The Chartered Institute of Personnel Development in the UK recognizes these three as key human resource activity areas. The next section will briefly provide an overview of these key areas.

Central Issues in International Human Resource Management

Resourcing – particularly the recruitment and selection of international staff – is high on the agenda. Baum (1995) argues for better utilization of human resources in terms of productivity and short-term, bottom-line profitability, within the context of a longer-term HR strategy. Go and Pine (1995) and Powell (1999) stress international labour supply issues at both an operational and managerial level, to ensure that a lack of suitable staff and competent managers will not impede the ability of international hospitality and tourism operators to continue their expansion. Labour markets are tight in many parts of the world and the shortage of skills coupled with the high-level resource requirements of many companies result in stiff competition for the best talent. Selection and recruitment (Baum, 1993) and managing labour turnover (Deery and Iverson, 1996) are issues addressed in much of the literature. The problem is exacerbated and complicated in the international arena when global companies need to find staff who are willing to be geographically mobile and who possess the requisite skills and competencies to equip them to work internationally, as opposed to just having the technical or operational experience for the job. As a response to these challenges, companies are reviewing their global recruitment and selection processes by, for example, reassessing the required global management competencies, using new and innovative recruitment methods, such as the World Wide Web and company intranets, and developing assessment centres to identify the best talent from both external and internal staff supply.

Within the area of employee development, there is a particular focus on training and development as a key challenge facing multinational operators in both the generic literature (Bartlett and Ghoshal, 1992; Evans, 1992) and the applied literature (Baum, 1993; D'Annunzio-Green, 1997; Gliatis and Guerrier, 1993; Jayawardena, 2000). Many multinational corporations have been under immense pressure to develop managerial talent that will enable them to grow in the future (Watson and Litteljohn, 1992). This is further magnified because of the need for strong leadership capabilities and competencies and the ability to lead in different cultural contexts and in different corporate cultures.

Closely associated with this is managing the performance of international managers (Wellins and Rioux, 2000). As global corporations struggle to balance critical global HR strategies and local initiatives, a good performance management system is essential to enable the company to set broad corporate strategies and cascade them down to local business subsidiaries. Responses to these challenges are varied and include, on the one hand, cross-border harmonization of management development policy to raise the profile and internal supply of future managers, and more investment in localization policies on the other hand. There is a trend towards formalization of the management development policy, and more attempt at centralization or regionalization to ensure consistency, control and quality. Another response is clearer marketing and communication coupled with more differentiation of the international development opportunities available to staff, both internally and externally. The importance of developing skills for managing service quality is highlighted by many researchers, including Heskett *et al.* (1994) and LaLopa (1997). Issues which are seen to be changing the role of HRM in organizations include the need for HRM managers to be aware of the wider business needs (Keenoy, 1990) and to encompass new initiatives such as organizational learning and knowledge management (Harrison, 2000).

Finally, the area of employee relations, an area which has received relatively little attention in the UK hospitality literature apart from work by Lucas (1995), Lashley (1997) and Hoque (1999). The manner in which organizational dialogue takes place has undergone dramatic change. This change has resulted in an increased focus on the individual at work and the need to connect and communicate directly with employees to enable a mutual understanding of the needs of both parties in the employment relationship. Consequently, the following challenges, outlined by Parkinson (1999), are presented. First, to manage the internal communication process within organizations and ensure that diversity within the employee group is accounted for. Secondly, to ensure that messages and communication from managers and various managerial practices directed at employees are consistent with those the organization wants to send to an increasingly diverse workforce, particularly when developing more modern communication methods such as attitude or climate surveys, or managerial practices such as team working or empowerment. Empowerment has received much attention by academics in the field of hospitality and tourism, as it seen as particularly pertinent to improving service quality; for example, Lashley and Watson (1999) and D'Annunzio-Green and MacAndrew (1999).

Another area which is becoming prevalent is the area of emotional labour (Casey, 1995 and Fineman, 1993). Solutions to these challenges mainly centre on an awareness of the barriers to communication such as language, culture, and varying legislative and institutional contexts in which employee relations are conducted. This is influenced by the readiness of global organizations to invest time and resources in sending consistent messages both across subsidiaries and within them. The importance of employee commitment is an area that has been given much attention by social science researchers (Meyer and Allen, 1997). The importance of having committed employees to provide quality of service in the hospitality industry has been addressed by many researchers, as indicated earlier.

THE BOUNDARIES OF STRATEGIC HUMAN RESOURCE MANAGEMENT

It is clear from the above discussion that there is a range of HRM issues facing international hospitality and tourism organizations. These issues are, theoretically,