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STRATEGIC HUMAN RESOURCE MANAGEMENT IN MALAYSIAN HOTELS: FORMULATION AND IMPLEMENTATION CHALLENGES

JAGDEEP SINGH JASSEL

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ABSTRACT

This research explores the challenges faced by hotels in Malaysia, in formulating and implementing strategic human resource management (SHRM). The study addresses the lack of empirical research into SHRM in Malaysian hotels at a time of rapid growth in the Malaysian tourism industry. Building on current debates regarding strategic HRM, including SHRM and business strategy integration, and the role of HR as a strategic partner, this research explores the relationship between human resource management and business strategies, and the challenges of HRM strategy realisation. The thesis has a particular focus on Recruitment and Selection, and Training and Development, as these two functions lie at the heart of how businesses access and develop the critical skills required to implement SHRM initiatives.

The study is conducted from a constructivist ontological stance coupled with an interpretivist epistemology. A set of three semi-structured interviews, involving the Chief Executive Officer, HR professional and line manager, were conducted in five leading hotels. Three additional interviews were conducted to gain feedback on the study's topic from individuals with HR and/or hotel industry expertise. Data were analysed using *a priori* and data driven coding following King's (2004) template analysis method.

This research reveals challenges in formulating and implementing strategic HRM exist within Malaysian hotels from three analytical levels, namely, organisational, industry and societal. The challenges include the readiness of HR as a strategic partner, the absence of clearly-defined HR-related key performance indicators, labour scarcity, and government policies relating to labour and education. Although this exploratory research may not be generalisable to all Malaysian hotels, its insights into SHRM challenges may be transferable to other similar hotels and resorts. Discussion of the practical implications of the study's results highlight the actions recommended as necessary for the three target audiences, namely, Hotel Managers (which include CEOs/General Managers, HR professionals and line managers), the Malaysian Association of Hotels, and the Government, to improve professional practice pertaining to strategic human resource management in Malaysian hotels.

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In Memoriam

In memory of my parents, and Dr Karen Keith

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To Dr Sandra Corlett and Dr Fiona Robson … for your support, encouragement, understanding, and the constructive feedback given so unselfishly

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DECLARATION

I acknowledge that the work presented in this thesis has not been submitted for any other award, except that entailed by research training purposes during my DBA studies at Newcastle Business School of Northumbria University of Newcastle. I have completed the required research training and milestones required for the degree. The work is the result of my individual work.

Name: **JAGDEEP SINGH JASSEL**

Signature:

Date: **28th May 2012**

Chapter One
Introduction

1.1 Introduction

This opening chapter presents an overview of the research and how this research developed. It begins with the focus of the study followed by the key theoretical concepts discussed in relation to the literature. The scope and context of the research is then discussed before making a claim on potential contributions of this study. The research questions and objectives are then outlined as well as the choice of methodology. This leads to a discussion on the role of the researcher in the research process, before finally providing an overview of the structure of this thesis.

1.2 The focus of this study

This research is about how managers in Malaysian hotels can be better prepared in embracing strategic HRM, and how the Malaysian Association of Hotels, and the government can be supportive of strategic HRM initiatives, by being aware of the challenges that they are likely to face. This thesis presents an exploration of strategic human resource management (SHRM) challenges and has twin, equally important, purposes: to make original contributions both to knowledge and professional practice in this area. Within the research area, the theme is that of challenges in formulating and implementing SHRM within Malaysian hotels, with a focus on recruitment and selection, and training and development.

This research also takes an approach to exploring formulation and implementation of SHRM with a focus on Boxall and Purcell's (2011) three analytical levels – organisation, industry and society. Organisational fit revolves around how managers can or should, mould their HR strategies to fit in with the business strategies. Industry fit encapsulates the relationship between organisations and the specific nature of their particular industry, while societal fit is about how organisations adapt to the characteristics of the societies in which they are located in (Boxall and Purcell, 2011).

This research started with the focus of interest of wanting to understand the organizational influences which include how managers in Malaysian hotels integrate or link SHRM with business strategy. This primary focus is embedded into the first research question. As the research progressed, the importance and interplay of industry and societal influences became prevalent. The formulation and implementation challenges of SHRM within Malaysian hotels were influenced by both industry and societal characteristics. Furthermore, the potential contribution of this study is to understand the social context influences of SHRM challenges.

This research aims to explore challenges from all three set of influences or analytical levels. These three analytical levels are discussed in detail in Chapter Two. However, given the emphasis of Malaysian context as the main contribution of this study, Chapter Three provides a more detailed industry and societal analyses of SHRM challenges within the Malaysian hospitality context.

1.3   Main theoretical concepts key to this research

Although the debate surrounding what strategy is, and the formulation and implementation of organisational strategy are not new (Whittington, 1993), the literature on Strategic Human Resource Management (SHRM) commenced about 30 years ago with a seminal paper by Devanna, Fombrum and Tichy (1982) entitled *"Human Resources Management: A Strategic Perspective"*. SHRM is regarded as a complex process which is constantly changing and evolving (CIPD, 2007; Boxall and Purcell, 2011), and developments in and around the field of SHRM are now well documented in the management literature (Boxall, 1992; Legge, 1995; Sisson and Storey, 2000; Torrington *et al.*, 2005, Schuler and Jackson, 2007; Boxall and Purcell, 2011).

SHRM is concerned with the integration of HRM strategies with business strategies (Guest, 1987; Schuler, 1992). In recent decades many scholars have researched the concept of integration (Greer, 1995; Delery and Doty, 1996; Youndt *et al.*, 1996; Guest, 1997; Katou and Budhwar, 2006; 2007; Boxall and Purcell, 2011). This highlights the increased potential and contribution of SHRM to the success of organisations' business and hence the need for integration between HRM and business strategy (Budhwar and Aryee, 2008).

The focus of SHRM is therefore to create an alignment (fit) between the organisation's HR initiatives, through its policies and practices, with the corporate and strategic business unit plans

(Greer, 1995). Baird & Meshoulam (1998, p.122) propose that human resource management must not only achieve external fit, 'but also the components of human resource management must fit with and support each other'. The idea is to create a synergy between the HR policies and practices, for example recruitment and selection, and training and development, ensuring that one policy or practice supports and reinforces the performance of the other.

In addition to the alignment between HR practices and business strategy, the review of SHRM literature in this current study is presented in three levels of analysis, namely, organisational, industry and societal. According to Boxall and Purcell (2011), organisations need to comply with the labour laws of the countries they operate in, adapt to national economic conditions, including the relative difficulty of recruiting suitable labour in local markets, and address the issue of differences across countries in cultural norms. While the scope of the current study is within the Malaysian context, it does not evaluate the different cultural norms across countries. Industry analysis encapsulates the 'relationship between organisation and the economic, technological and socio-political factors that are specific to their particular industry' (Boxall and Purcell, 2011, p.76).

The hotel industry is often seen as one with poor employee practices and it experiences high employee turnover rates due to poor HR practices (Davidson, Guilding, & Timo, 2006; Lucas, 1996; McGunnigle & Jameson, 2000; Nankervis, 1993; Wilton, 2006). The characteristics of this industry, which is labour intensive, and the vulnerability of the industry to environmental impacts such as market fluctuations further justifies the significance of SHRM in the hotel industry (Hoque, 2000; Nankervis, 1993).

Societal analysis is about how organisations adapt to the characteristics of the societies in which they are located and whether they are wise to do so. With the launching of an Economic Transformation Programme in 2010, Malaysia intends to transform into a high-income nation by the year 2020 (Malaysia Prime Minister's Department, 2010). With the focus on the tourism sector as one of the enablers of Malaysian economic development, the country needs to enable its hoteliers to generate sufficient returns to encourage re-investment into the sector as well as attract higher quality staff (Malaysia Prime Minister's Department, 2010).

This research interest mirrors the SHRM formulation and implementation challenges from the above three analytical perspectives. The above evidence of literature testifies that this thesis

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with its title *Strategic Human Resource Management in Malaysian Hotels: Formulation and Implementation Challenges,* addresses current debates.

1.4   Research scope and context

"Where should we go from here?" This question was the title of a journal article on SHRM that suggests, among other things, that time has passed for empirical literature in demonstrating how HR can influence financial outcomes and most managers now "get it" and do not have to be persuaded on the strategic impact of HR (Becker & Huselid, 2006, p.921). However, findings from the literature suggest that despite the remarkable progress in the field of SHRM, it is still at a crossroads (Becker and Huselid, 2006; Lengnick-Hall 2009; Ahmad 2010). With over 20 years and the supposedly tremendous change on the role of SHRM (Jamrog and Overholt, 2004), the issue on barriers to effective implementation of SHRM remains unresolved (Abang Ekhsan, 2008). In other words, there is a dominance within existing research on SHRM on strategy formulation (Lengnick-Hall, 2009), and more attention should be paid to implementation issues in SHRM, as well as issues of vertical and horizontal fit (Becker & Huselid, 2006). Also, as much of the SHRM literature is primarily focused on developed and rich countries (Cheng and Brown, 1998; Haynes & Fryer, 2000; Hoque, 2000; Lu & Chiang, 2003; Maxwell & Lyle, 2002; Wilton, 2006), there is scope to focus research on the phenomenon of SHRM in countries with emerging economies, such as Malaysia. To date, a review of internationally published literature found limited studies which provide information of SHRM practices in developing countries (Nankervis, 1995; Onyango *et al.*, 2009). Furthermore, a recent review of internationally published literature on SHRM (Ahmad, 2010), found that only one study of a five-star hotel was conducted in Malaysia (Nankervis, 1995). This thesis addresses that gap by focusing on SHRM challenges in Malaysian five-star hotels.

However, given the potential stage of development of SHRM within an emerging economy country, such as Malaysia, there is still scope to explore the subject and the challenges hotel managers face in creating the strategic impact of HR.

This research has a particular focus on two HRM functions, Recruitment and Selection and Training and Development, as these two functions lie at the heart of how businesses attract and develop the critical skills in human resources required to achieve business goals (Kelliher and

Johnson, 1987, 1997; Aaker, 1989). These functions are frequently described as essential functions (Snell, 1992; McGunnigle and Jameson, 2005) within the hospitality HRM literature, with huge budgets being spent annually on employee recruitment and training (Georgenson, 1982).

According to Hales (2005), '*strategic managers*' function at a strategic unit or level in hotel, which includes general managers and first-line level managers, functioning at Head of Department and or supervisory level (McNeil, 2001, Hales, 2005). This study focuses on Chief Executive Officers (CEOs)/General Managers, HR professionals and line managers within Malaysian hotels. As strategic managers, these managers demonstrate a good understanding of an organisation's strategic objectives, having a great line-of-sight (Bosewell, 2006).

1.5 Potential contributions of this study

This research focuses on Malaysian hotels and it is not only one of its first kind to explore the challenges of SHRM in Malaysia, it is one of the first to examine the formulation and implementation challenges of SHRM faced by CEOs/General Managers, HR managers and line managers in Malaysian hotels. The tourism industry is rapidly growing in Malaysia and generated some 20 billion ringgit in revenue, for the year 2010 alone (Malaysia Tourism Promotion Board, 2011). As most hotels operating in Malaysia work towards ensuring that they are able to attract tourists, efforts are in place to ensure that effective business strategic plans are formulated and implemented to achieve this endeavour. From a professional practice perspective, the Chief Executive Officer (CEO) of Malaysian Association of Hotels highlighted, in a personal correspondence supporting this research, that 'we support the endeavor in undertaking this research which has a potential in contributing towards the HR community in particular and the hospitality industry in general, given the fact that this area is under-researched and under-appreciated in the current context' (Pereira, 2010).

The discussion on challenges of SHRM in the Malaysian hotels' context is new and addressing this gap is the essential contribution made by this research. While the literature review stressed that the formulation aspect of SHRM has been widely researched, as compared to implementation of SHRM in general (Becker & Huselid, 2006) and SHRM in Malaysia (Abang Ekhsan, 2009), this study explores both formulation and implementation challenges of SHRM in Malaysia.

By virtue of being an under- researched area within the Malaysian hotel practice (Pereira, 2010; Ahmad, 2010), this research has the potential to contribute to professional practice by raising awareness of challenges faced by Malaysian hotels in formulating and implementing SHRM. Policymakers including top management of hotels, the Malaysian Association of Hotels (MAH) and the government, in particular the Human Resource Ministry and the Tourism Ministry, stand to benefit from the findings of this research. The Malaysian Association of Hotels (MAH) is the umbrella body for all hotels in Malaysia and will be able to formulate relevant and specific training programmes through its training and education arm, Malaysian Association of Hotels Training and Education Center (MAHTEC). This research will be a springboard to inform MAHTEC in the development of strategic- related training programmes, especially SHRM for its members. MAH, working with the Human Resource Ministry, Tourism Ministry and also the Home Ministry and Education Ministry will be able to review and/or develop government policies related to the strategic HRM challenges faced by Malaysian Hotels.

1.6   Research questions and objectives

The context and motivations for the exploration as described above led to the development of the general research question:

What are the challenges in formulating and implementing strategic human resource management (SHRM), particularly in relation to Recruitment and Selection, and Training and Development, within Malaysian hotels?

The focus of this research is on the process and, to some extent, the content of strategic formulation and implementation. The theme of this research encompasses the challenges faced in formulating and implementing SHRM, and reflecting on the literature debates earlier in section 1.3, the sub-questions are formulated around the three analytical levels (Boxall and Purcell, 2011).

Following are the sub-questions which are related to the above main question:

1. How is SHRM integrated with business strategy?

2. What are the experiences and challenges in formulating and implementing SHRM, particularly in relation to recruitment and selection, and training and development, faced by CEOs/General Managers, HR managers and line managers within the Malaysian hospitality industry?

3. What are the organisational, industry and societal sources of SHRM formulation and implementation challenges, particularly in recruitment and selection, and training and development, within the Malaysian hospitality industry?

Research objectives

Supporting the research question are six research objectives that have helped to shape the research strategy:

1. To evaluate critically the existing literature to establish the link between SHRM and business strategy, and to identify the challenges of strategic HRM in practice;

2. To illustrate the challenges of strategic HRM within the Malaysian context;

3. To design a methodology to elicit the experiences of SHRM challenges among Malaysian Hotel CEOs/General Managers, HR Professionals and Line Managers;

4. To offer, through empirical evidence, illustrations of the strategic formulation and implementation challenges faced within the Malaysian Hotel Industry;

5. To synthesise the challenges in strategic HRM within Malaysian hotels with existing literature in order to advance understanding of organisational, industry, and societal challenges in the Malaysian context;

6. To make a contribution to understanding the SHRM challenges within Malaysian hotels, and to inform professional practice at organisational, industry and societal levels.

1.7 Research methodology

The study is conducted from a constructivist and constructionist ontological stance coupled with an interpretivist epistemology. This research employs purposive sampling following Patton's (2002) notion of criterion sampling. A set of three semi-structured interviews, involving the Chief Executive Officer, HR professional and line manager, were conducted in five leading hotels. Three additional interviews were conducted to gain feedback on the study's topic from individuals with HR and/or hotel industry expertise. Data were analysed using *a priori* and data driven coding following King's (2004) template analysis method.

My close involvement in the subject under exploration, as a former HR manager in a hotel and now as a lecturer teaching HRM, has been acknowledged and then acted upon methodologically and ethically. My personal experiences, as a HR manager, might have contributed a level of influence on this research at various stages, and brings the concept of reflexivity to the fore (Alvesson and Skoldberg, 2009).

By considering my own background, preferences and predispositions, I have tried to show how the research philosophy, research design, analysis and interpretation have been influenced by my behavior throughout the thesis. Making such issues explicit, through reflexivity, is needed since there is a danger that *"the researcher's biases threaten validity or trustworthiness"* (Rooney, 2005, p.6) and my acknowledgement of this has been valuable in strengthening the quality of this research.

1.8 The role of the researcher

Further to the notion of my close involvement with the topic of this research, researchers are generally motivated by some form of personal interest in their topic (James and Vinnicombe, 2002). Doctoral study is often referred to as a personal journey (Phillips and Pugh, 2000), and in this journey there is a desire to make a contribution to a field of expertise. In this respect, the reason for undertaking this study was to make a contribution to the field of strategic HRM. I have been involved in the field of HRM during all my working life, as a practitioner and academic. The impetus for this exploration came from my professional and personal experiences.

I had an opportunity to assume the post of a human resource manager in a five-star hotel in the year 2005. I noticed that in spite of the notion that strategic HRM contributes to business strategy and competitive advantage, the reality could be different and, therefore, the practical challenges are worthy of further investigation. In addition to that, I assumed the position of Head of the Hospitality School in INTI University Malaysia in 2008. In this academic position, I had close relationships with various 3-5 star hotels as industry partners for the University's industrial training. This gives me access to these hotels. Apart from the industrial and academic management experience, I now hold a full-time job as a lecturer in HRM in the same university. The motivation to improve in this area of research and further commercialise the research findings, through consultancy and private training, is inevitable.

1.9 Structure of the thesis

This thesis is organised into seven chapters. In **Chapter One**, the main theories and themes to be utilised in this study have been outlined in order to establish the focus, positioning and context of this research. The potential contribution has been highlighted in terms of extending an incomplete knowledge and understanding of the SHRM challenges within Malaysian hotels. The discussion of research question and objectives, as well as the methodological implications for the design of the study are also included in this chapter.

The theme of formulation and implementation challenges of SHRM is taken up in **Chapter Two** through a review of three levels of analyses, namely organisational, industry and societal. The literature review provides an overview of organisational SHRM before broadening discussion to the hospitality industry and the Malaysian context. The purpose of this chapter is to critically evaluate current debates surrounding SHRM to analyse the direction of the data- gathering stage and to make explicit the opportunities for contributing to the theoretical base.

Chapter Three provides a more specific description on the tourism and hospitality industry in Malaysia as well as the related human resources challenges affecting the industry. As one of the main contributions of the current study is to improve SHRM practice within Malaysian hotels, the challenges discussed in this chapter are related to the industry and societal levels of analyses that was introduced in Chapter Two.

Research methodology and methods are described in **Chapter Four**, beginning with a philosophical discussion surrounding the nature of knowledge, knowledge production processes and ways of structuring an enquiry. This sets the context for the research strategy adopted in this study. The reasoning behind the strategic decisions taken is made explicit and I make clear my own influence upon the research process. This chapter also includes a discussion of data analysis procedures, research quality and ethical considerations, all of which are provided to promote research transparency and to allow this work to guide others should they wish to embark upon similar endeavours.

Chapter Five reviews the findings of the qualitative data analysis. The discussion in this chapter will be rich with descriptions of the SHRM challenges in the participants' voices, in terms of the original texts. The stages of text analysis are discussed alongside the emergent themes.

In **Chapter Six**, the SHRM challenges are synthesised with the key themes that emerged from the review of existing theory and research. The discussion is organised around three levels of analysis; organisational, industry and societal, focusing on the Malaysian context.

Chapter Seven concludes the thesis with a review of the contributions made to theory and to practice. Within the discussion, the twin purposes of this thesis are revisited by taking the opportunity to set out the contributions made to both the knowledge on SHRM and to professional practice of SHRM in Malaysia. Limitations and suggestions for further work are discussed. This chapter ends with personal reflections on the impact of the research on my professional practice.

1.10   Summary

This introductory chapter has explained the focus and scope of this thesis followed by the key themes and theories in the field of strategic HRM. The potential contribution of this research is then outlined followed by the articulation of the research questions and objectives. An explanation of the methodological choices is made with a discussion on the role and motivation of the researcher. The structure of this thesis illustrates how the thesis has been organised into seven chapters. The next chapter will examine in more detail strategic HRM through organisational, industry and societal analysis.

Chapter Two

Strategic HRM: Organisational, industry and societal analytical review

2.1 Introduction

This chapter explores the nature of strategic human resource management through a critical evaluation of existing literature. The central aim is to critique literature, beginning with an examination of strategy followed by an exploration of how HR can support it. It traces the evolement of the field of Strategic Human Resource Management (SHRM) to its current state and how it may evolve in the near future.

This chapter begins by defining strategy and briefly explains the process of strategic management and the debates surrounding strategy. It then focuses on organisational analysis and the formulation challenges of SHRM, which begins with defining strategic human resource management. A comparison is then made between HRM and SHRM, followed by a discussion on planned versus emergent strategies. A discussion on the integration of HRM practices with the business strategy continues by illustrating the internal and external fits in SHRM. A debate on the ways in which HRM practices are integrated into strategic management discusses the two approaches of 'best fit' and 'best practice'. A brief discussion on the overview of societal, industry and organisational fit follows. The discussion then revolves around organisational analysis with a focus on implementation challenges of SHRM. This discussion examines the different perceptions of SHRM between CEOs, HR professionals and line managers. The focus is then shifted to the credibility, role and readiness of HR as a strategic partner. Besides, some discussion is included on the partnership between HR and line managers, and the section concludes with a brief discussion on the political support and politics within an organisation. Next, the literature is analysed from the industry perspective. Labour scarcity is discussed within the hospitality industry. The discussion then revolves around linking Recruitment and Selection, and Training and Development practices with business strategy. A discussion on the societal-level-analysis follows, which examines the SHRM context within the Malaysian hospitality industry, with a specific focus on the barriers in SHRM implementation. The conceptual framework and the potential contribution of this research are presented and discussed. The summary in this chapter draws together the discussion of the key challenges facing strategic human resource management, from the perspectives of scholarship and

practice, emphasising the integration of strategy as well as the readiness of HR professionals in playing a strategic role.

This chapter addresses the following research objective:

- To evaluate critically the existing literature to establish the link between HR systems and business strategy, and to identify the challenges of strategic HRM in practice;

2.2 Defining strategy

We can trace the definition of strategy back to the Greek word 'strategos', a general who organizes, leads and direct forces to the most advantageous position (Bracker, 1980; Legge, 1995; Lundy and Cowling, 1996). This allows us to connote strategy as being a senior management activity, which involves directing and managing the organisation towards its vision and mission. Kay (1993, pp. 8-9) suggests that 'the subject of strategy analyses the firm's relationship with its environment, and a business strategy is a scheme for handling these relationships', and focusing on present and future direction of the organisation.

A good strategy or plan should be supported by appropriately thought out actions, which in business terms means that strategic planning allows companies to put down on paper where they are, where they want to go, and how they plan to get there (Karadjova-Stoev & Mujtaba, 2009). It is also worth noting that the fact that company has a strategy does not mean it is necessarily successful.   It simply means it has a characteristic way of behaving in its environment (Boxall and Purcell, 2011). In their study Boxall & Purcell (2011) conclude that strategies of firms are their particular attempts to deal with the strategic problems they face. They further explain that through strategies, managers understand the organisation's goals and develop both human and non-human resources to achieve them.

2.2.1 The Process of Strategic Management

The process of strategic management consists of a series of steps (Mello, 2006; Pearce and Robinson, 2007; Dess, Lumpkin and Eisner, 2007). It begins with establishing a mission and vision statement, incorporating key objectives for the organisation. This is followed by analysing the external environment where possible opportunities and threats are identified. A further step

is to conduct an internal organisational analysis, which involves examining the organisation's strengths and weaknesses. The internal analysis also examines the nature of current management systems, competencies and capabilities. Pearce and Robinson (2007) further explained that the process of strategic management involves making decisions and taking appropriate actions that result in the formulation and implementation of the plans designed by the organisation to achieve its objectives.

To summarise the above two models, the strategy *formulation* stage includes ascertaining the company's vision and mission, considering the impact of the external and the global environment, conducting an internal analysis and finally defining long-term objectives and business strategy. Although important, these phases of strategy formulation alone cannot ensure success. To ensure success, the strategy is normally translated into carefully *implemented* actions, which include organisational structure, leadership and culture, and control, innovation and entrepreneurship. The above steps in the process of strategic management can be seen as dealing with both the 'content' of strategy, which involves the objectives and goals of the organisation, as well as the 'process' of the strategy, which include planning, structure and control. (Chakravarthy and Doz, 1992; Lundy and Cowling, 1996).

This debate surrounding what strategy is, and the formulation and implementation of organisational strategy are not new. Whittington (1993) presented four generic approaches to strategy formulation. Figure 2.1 shows the four generic approaches along two dimensions of 'processes' and 'outcomes' of strategy. The 'x' axis represents the extent to which strategy is formed in a deliberate, formal planned and rational manner. The 'y' axis represents the outcomes of strategy. It explains the extent to which organisational strategy focuses on unitarist or profit-maximising outcomes.

The top left-hand quadrant represents a mix of a deliberate process and maximum profit approach to strategy formulation. Whittington labelled this combination as 'classical'. The next combination in the top right-hand represents an emergent process and profit-maximisation approach to strategy formulation, and is referred to as the 'evolutionary' approach. The third approach in the bottom right involves an emergent process and pluralistic outcome, and is called processual. The last combination at bottom left of the figure relates to a deliberate process and pluralistic outcomes, denoted as the systemic approach.

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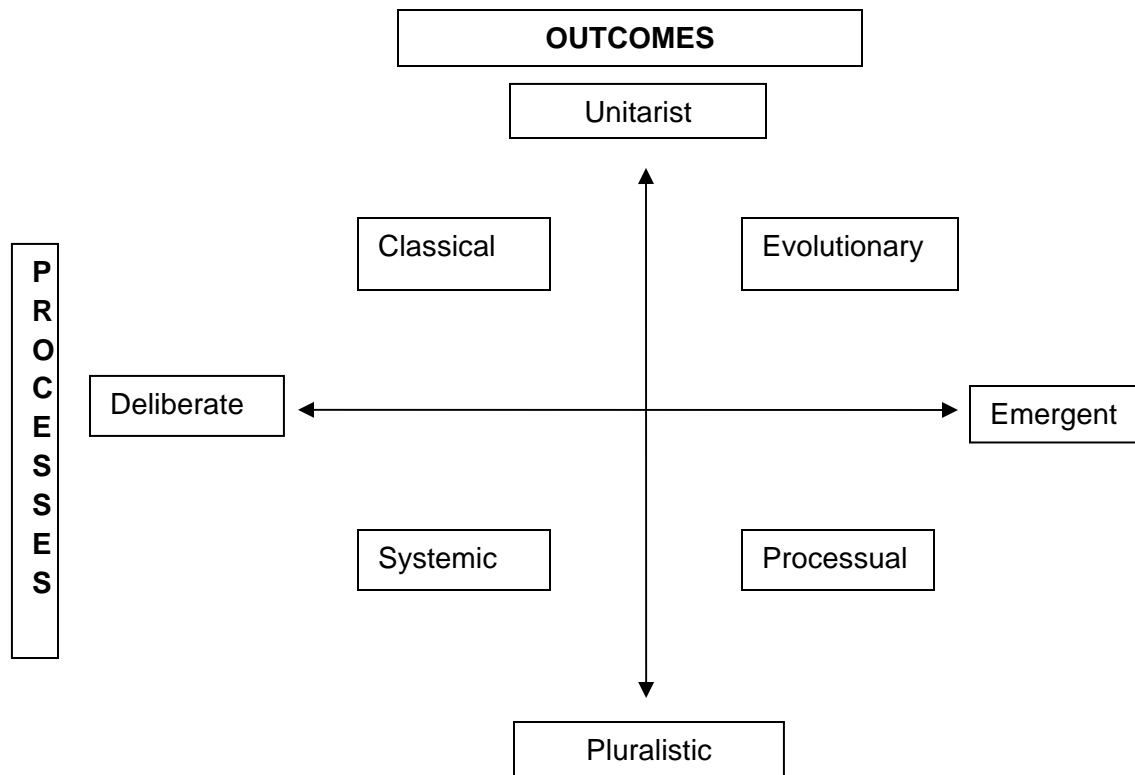
Figure: 2.1 Generic perspectives on strategy (Whittington 1993)

Organisations that adopt the classical approach are expected to follow a formal and deliberate process of strategy formulation, and maximising profit is their main aim. The success of this approach depends on the clarity of the organisation's goals and objectives. This approach also requires the internal environment to be reliable and the external environment to be stable (Budhwar and Aryee, 2008).   Top managers will formulate strategies while department managers implement them.   This resonates with the notion of 'first-order' strategy, where strategy formulation is handled by top managers, and 'second-order' strategy, where implementation is done by lower-level managers (Miller, 1993; Purcell 1989; Legge, 1995). Chandler (1962) called it the classic top-down approach where the organisation's structure follows the strategy.

The evolutionary approach assumes that it is not always possible to adopt a planned or deliberate process of strategy formulation, due to the unpredictable and dynamic business environment.   Nevertheless, maximising profit remains the focus.   Given the competitive

conditions, most managers feel they are not in control. Ensuring a good fit between business environment and the strategy of the organisation, is key to success (Lundy and Cowling, 1996).

The processual approach assumes that managers are not sure or clear about the optimum level of output of the organisation. This confusion or uncertainty may exist within the organisation and the industry. Strategies in this context emerge in incremental steps and at irregular intervals. Legge (1995, p.100) refers to the outcome of the strategy in this approach as a set of 'satisficing' behaviours which are seen to be acceptable given the uncertain and challenging conditions. This satisficing outcome is derived from a practical process of compromising, negotiating and learning, instead of clearly defined steps (Budhwar, 2008).

The systemic approach stresses that strategy formulation is influenced by the larger social systems. These social systems comprise of the national culture and business systems. It also considers the demographic composition of a particular society within which an organisation is operating. As such, managers involved in strategy formulation may deviate from formal and rational planning.

The above four approaches are not necessarily to be adopted in isolation by organisations. There is a possibility for organisations to combine these approaches. Later on, Whittington (1996, p.732) went on to explain 'strategy as a practice' where the 'work and talk' of managers responsible for practice is to be taken seriously. The 'strategy as practice' doctrine is further supported by Chia and MacKay (2007, p.218), and they termed this epistemological stance as 'post-processual'.

2.2.2 Debates relating to Strategy

According to McGee, Thomas and Wilson (2005), the notion of planning precedes the beginning of strategy. These researchers further noted that most organisations today engage in some kind of planning process and they do have a strategic plan or a corporate plan to guide them in their strategic planning process.

However, Henry Mintzberg (1978) has long argued that it is unhelpful to equate strategy with 'strategic plan'. Strategic plans are characterized by a variety of formats, i.e. the time horizons, types and range of goals, the specific activities that are planned, the manner in which the

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functional areas of the business are integrated with one another (Boxall and Purcell, 2011). Regardless of the size of organisations, strategic plans are prevalent in large companies (Grant 2005) as well as in small businesses (Boxall and Purcell, 2011), because strategic plans are embedded in the day-to-day decisions and choices that managers and employees of the organisation make about what and how to do things (Boxall & Purcell, 2011). Hence, formal planning documents may not always describe all of the organisation's strategic behavior (Mintzberg, 1990). Besides, as explained earlier, for a variety of reasons such as the uncertain business environment, time and resources, decision-making managers do not always follow a deliberate approach, or a rational and formal strategy plan. (Budhwar, 2008).

Figure 2.2 illustrates the notion that strategies do not necessarily emerge as a direct consequence of management planning and action, nor does environmental determinism impact strategies directly (Mintzberg and Waters, 1985).

Planned by management	Leaders (or one entrepreneur) formulate plans and create budgets and forecasts, providing a surprise-free plan. Those outside the planning process are allowed to act but not think or plan.
	Collective shared ideology permits a group to schedule and plan and allows this to be imposed on others.
	Leaders determine the process of strategic decisions (e.g. duration or number of committees) but leave the content of those decisions to others.
	Leaders adopt a laissez-faire approach (for example, they follow industry recipes).
Determined by external factors	The organisation is totally controlled externally (for example, by a government agency).

Figure 2.2: Planned versus emergent strategies (Source: McGee, Thomas and Wilson, 2005, p. 42)

Mintzberg and Waters (1985) suggest that while it is logical for some strategies to be planned, at least in the initial stage, many strategies simply emerge as deliberate acts and they are normally not consciously intended. An example of the 'emerging' strategy is the laissez-faire approach in Figure 2.2 . Therefore, Child (1972) argued, that it is better if we understand the strategies of organisations as *sets of strategic choices,* some of which might stem from planning exercises, and some of which emerge in a stream of action. Organisations adopt emergent strategies as a response to the uncertain business environment that comes along with unexpected opportunities and problems. These strategies are normally centred around the small business units or business-level strategies and not at the corporate office (McGee, Thomas and Wilson, 2005). Boxall & Purcell (2011) reiterate that- organisation's strategies are a set of strategic choices, and these choices are concerned about both the end and the means, and hence these choices could be 'planned' or 'deliberate'. Mintzberg and Waters (1985) further revealed that when an environment and its uncertain demands impose a pattern of action on organisations, these organisations come close to adopting pure emergent strategies. Realised strategy, on the other hand, is a combination of planned intentions and deliberate or emerging strategy. This blending is a result of the strength of pressure from the external environment or environment determinism (McGee, Thomas and Wilson, 2005).

Mintzberg (1987) stresses that the formal or rational approach to strategy formulation often results in thinking before action. Meanwhile, the incremental approach of strategy formulation allows strategy to emerge in response to the evolving business environment. Lundy and Cowling (1996, p.23) summarised Mintzberg's thoughts and further suggested that 'deliberate strategy precludes learning while emergent strategy fosters it but precludes control'. Effective strategies are those that have a combination of both planned versus emergent and control versus flexibility approach. Mintzberg's work however has been criticised as over-prescriptive by Ansoff (1991). Despite that criticism, Mintzberg's work deserves credit as it has provided an initial framework for the development of subsequent models as illustrated in Figure 2.2.

2.2.3. Strategic human resource management

Strategic human resource management (SHRM) is regarded as a complex process which is constantly changing and evolving, and being researched and discussed by academics and practitioners (CIPD, 2007). This complexity is by virtue of the HRM profession continuously evolving and changing over the past years (Jamrog & Overholt, 2004). Developments in and

around the field of SHRM are now well documented in the management literature (Boxall, 1992; Legge, 1995; Sisson and Storey, 2000; Torrington *et al.*, 2005, Schuler and Jackson, 2007; Boxall and Purcell, 2011). Some of the topics that have been the focus of SHRM over the past decades include HR accounting, which treats human resource as an asset and attempts to assign value to human resources; and HR planning, the way HRM interacts with the business environment, and matching human resources needs to strategic or organisational conditions (Lengnick-Hall and Lengnick-Hall, 1988). These writers argue that strategic HRM processes are multidimensional and can have multiple effects. Such findings argue and reiterate the growing and proactive nature of the HR function. They also highlight the increased potential and contribution of SHRM to the business success of organisations and the need for integration between business strategy and HRM (Budhwar and Aryee, 2008).

The literature on SHRM commenced less than 30 years ago with a seminal paper by Devanna, Fombrum and Tichy entitled *"Human Resources Management: A Strategic Perspective"*, published in 1982. Prior to the development of this strategic HRM focus, terminologies and abbreviations such as *PM* for personnel management and *HRM* for human resource management were interchangeably used to represent issues concerning people and staff management (Devanna *et al.*, 1981; Lundy, 1994; Wright, 1998; Nankervis *et al.*,2005). Strategic Human Resource Management (SHRM) is about systematically linking people, the human resources, with the organisation. More specifically, SHRM is about the integration of HRM strategies into business strategies, and adaptation of HRM at all levels of the organisation (Guest, 1987; Schuler, 1992).

HR strategies consist of plans and programmes designed to address strategic issues concerning how human resources is managed in organisations (Schuler, 1992). The focus of SHRM is therefore to create an alignment between the organisation's HR practices, policies and programmes with the corporate and strategic business unit plans (Greer, 1995). By successfully integrating HRM and business strategy, it will then contribute to the effective and efficient management of human resources, while improving organisational performance (Holbeche, 1999; Schuler and Jackson, 1987). Looking at it from a resource-based view, SHRM can contribute to organisations achieving a competitive advantage by designing unique HRM policies and practices that cannot be imitated by others (Barney, 1991; Huselid *et al.*, 1997). The integration of strategic perspectives in HRM has resulted from the need to be proactive in the business environment in order to achieve organisational goals (Devanna et al., 1981; Lundy,

1994; Wright, 1998; Nankervis *et al.*, 2005). This will then call for HR professionals to be forward thinking to ensure they are able to contribute towards aligning the organisation's HR strategies as an integral part of the organisation's overall business plan (Stroh and Caligiuri, 1998).

Most definitions on SHRM suggest a similar focus and include the following themes: the integration of HR strategy with an organisation's strategy; the implication that an organisation's HRM is crucial in strategy formulation and implementation; the need for coherence of policy across hierarchies and the synchronisation of various other HR practices into a system (Becker & Gerhart, 1996; Becker & Huselid, 2006; Devanna *et al.*, 1981; Huselid & Becker, 1996; Nankervis *et al.*, 2005; Schuler, 1992; Schuler & Jackson, 1987; Truss & Gratton, 1994; Wright, 1998; Wright & McMahan, 1992).

As the literature on SHRM developed to be more extensive and intricate, the ability of the organisation to achieve its intended SHRM goals and results became of paramount concern (Lengnick-Hall & Lengnick-Hall, 2009). Researchers started to distinguish between intended human resource strategy and realised human resource strategy (Truss and Gratton, 1994). Khilji and Wang (2006) researched whether there is a difference between intended and realised HR practices and they found that many organisations experienced a substantial difference between implemented and intended SHRM. They questioned, among others, the practice of mere imitation of HR policies and practices by organisations, and the capability and commitment level of HR managers.

2.3 Organisational analysis: SHRM formulation challenges and the business strategy integration

Boxall and Purcell (2011) looked at three analytical levels in researching SHRM – organisation, industry and society. Sections 2.3, 2.4, 2.5 and 2.6 of this chapter have been organised according to these three levels. Organisational analysis deals with issues of whether managers can, and if they should, design and mould their HR strategies to fit in with the business strategy and other critical features of their business. Industry analysis involves the relationship between organisations and their particular industry, revolving around issues such as the economic, technological and socio-political factors. Societal analysis is about how organisations adapt to the unique characteristics of the societies in which they are located.

The review of the literature on organisational analysis begins in the following sub-section.

2.3.1 HRM versus SHRM

HRM as a function has evolved through many stages. The stages include as early as 'the medieval time through the human relations movement, to the present strategic business partner model' (Jamrog & Overholt, 2004: p.1). In the past, HR, as part of the organisation, has primarily focused on the administration aspects of HRM, but over the years researchers have been urging for HRM to become a strategic business partner (Tichy, Fombrun, and Devanna, 1982; Ulrich, 1997; Brockbank 1999; Lawler III & Mohrman, 2003; Boxall and Purcell, 2011). Tichy, Fombrun, and Devanna (1982), in one of the earliest papers on SHRM, highlighted the role of the HR department in driving organisational performance. They argued: (1) that the activities of human resource have a significant influence on both individual and organisational performance; (2) that human resource activities are interdependent; and (3) that effective human resource management leads to effective strategic management. A few years later, Evans (1986) identified four strategic outcomes for SHRM, in particular inter-unit integration. Becker & Huselid (2006) differentiated the field of SHRM from traditional HR management in two important ways. First, they observed that SHRM focuses on organisational performance rather than individual performance. Second, they highlighted the role of SHRM as providing solutions to business problems rather than individual HR management practices in isolation. Inyang (2010) agrees with Becker and Huselid (2006) and relates the differentiation between traditional HRM and SHRM, as a shift of efficiency of individual employees to the entire organisation.

Other researchers have referred to traditional HRM as transactional in nature, essentially concerned with providing administrative support (Rowden, 1999; Wei, 2006), while SHRM reflects a flexible utilisation of human resources to help organisations to achieve its goals, and gain competitive advantage (Wei, 2006). The emphasis on human resources as a contribution towards the organisation had been firmly established by Wright and McMahan (1992), who offered a definition of SHRM as 'the pattern of planned human resource deployments and activities intended to enable an organisation to achieve its goals' (p. 298).

2.3.2   A question of integration

As highlighted earlier the literature recognises that the process of SHRM is intricate, and hence it does not advocate a single way of integrating HRM to strategy.   In the recent decades many scholars have researched the concept of integration in SHRM (Greer, 1995; Delery and Doty, 1996; Youndt *et al.*, 1996; Guest, 1997; Katou and Budhwar, 2006; 2007; Boxall and Purcell, 2011).

Greer (1995) proposes four ways of linking the HRM function with an organisation's business strategy.   The first linkage is called the '*Administrative linkage'.*   This is synonymous with situations in organisations with no HR department.   In such situations the Finance Department often oversees the HR function and the main activity is payroll.   The second linkage is called the '*One-way linkage*', which involves HR only at the implementation stage of strategy.   The third linkage is known as the '*Two-way linkage*', where HR is involved in both the formulation and implementation stages.   The final linkage is called the '*Integrative linkage*'.   This linkage assumes HR as a strategic partner, and HR is fairly involved with other functional areas for business development.

Purcell (1989) presented a two-level integration model of HR strategy into the business strategy. He referred the levels as *upstream or first-order decisions* and *downstream or second-order decisions.*   In the first-order decisions, issues that are addressed revolve around the organisation's vision and mission statements, the direction of the business and decisions on future actions and their long term impact.   On the other hand, the second-order decisions are concentrated mainly at divisional levels and may range between three to five years.   These decisions may relate to HR policies such as recruitment and selection, and training and development.

Guest (1987) suggests integration or fit at three levels.   The first being 'fit' between organisation's business strategy and HR policies.   Second, the principle of HR policies and practices *complementing* one another, which improves internal coherence between various HR functions. Lastly, he touches on *internalisation*, which illustrates the need for line managers to integrate HR with business strategies (Legge, 1995).

Budhwar and Aryee (2008) argue two core aspects of SHRM. The first aspect concerns the level of importance given to the *integration* of HRM and the business strategy. This importance is referred to as the degree to which HRM is part of the formulation of business strategy. The second aspect is the *devolvement* of HRM to line managers, and this is referred to as the degree to which HRM practices involve line managers and hold them responsible for these practices (Brewster and Larsen 1992).

However it is achieved, it is pivotal for SHRM to be integrated with business strategy, and scholarly advocacy, as discussed above, has consistently emphasised that HR practitioners should assume a strategic role and become a strategic business partner (Inyang, 2010). Research findings in the field of SHRM (Lengnick-Hall and Lengnick-Hall, 1988; Purcell, 1989; Schuler, 1992; Storey, 1992; Budhwar and Sparrow, 1997; Truss *et al.*, 1997; Budhwar, 2000a; 2000b, Boxall and Purcell, 2011) highlight the importance of HRM and business strategy integration. While it is quite simplistic to say that SHRM stems from the business strategy, the two are expected to be mutually informative. Business strategies are shaped by the way in which people are managed, motivated and deployed and hence the availability of skills and knowledge will successfully shape business strategy (CIPD, 2007).

2.3.3 A question of fit

Summarising the previous section, for human resource to have an impact on the organisation's business strategy, there needs to be a *fit* between HR strategy and business strategy (Lengnick-Hall and Lengnick-Hall, 1988). While Lengnick-Hall and Lengnick-Hall highlighted the importance of fit, they acknowledged that it is not always desirable, especially in an uncertain and evolving business environment. This resonates with the planned versus emergent strategies discussed earlier. Besides, they proposed that there may be a reciprocal interdependence between HR and business strategy, and HR should be involved in both strategy formulation and implementation.

In showing how HR practices could be matched to different strategy typology, Miles and Snow (1984) classified organisations into four distinct groups: Defenders, Prospectors, Analyzers, and Reactors. *Defenders* deliberately try to maintain an environment for which a stable form of organisation is appropriate. Stability is desirable, and defenders rarely recruit new employees

externally. However, they do develop current employees. *Prospectors* interact in an environment more dynamically. They are normally organisations that are doing well and are expanding, and therefore they are concerned about recruitment and selection, and long-term employee development (Jackson and Schuler 1995; MacDuffie 1995). *Analysers* are a unique combination of the prospector and defender, combining both their strengths. They are organisations that attempt to minimize risk while maximizing opportunity and profit. The *Reactor* interacts with its environment in an inconsistent and unstable manner. These four strategy typologies can determine an organisation's HR policies and practices. These strategies would later be discussed and described as contingency approach, where HR strategy is dependent on the organisation's strategy (Boxall and Purcell, 2011).

In a similar vein, Porter (1980; 1985) had earlier proposed a strategy typology where organisations either strive to be a *low cost producer* in an industry, or *differentiate* its products and services. A low cost producer or 'cost leader' demonstrates similar characteristics as defenders in the above discussion, while the prospectors are similar to the risk taking 'differentiators'.

Schuler and Jackson (1987) argue that different competitive strategies imply the need for different kinds of employee behaviour, especially between 'differentiators' and 'cost leaders'. They further argue that once organisations have identified the desired employee role behaviours to fit the strategy, HR practices will follow suit to ensure those behaviours are reinforced. Ahmad (2010) in her doctoral thesis within Malaysian hotels, echoes that a combination of these strategies should be reflected in having different HR practices system for different groups of employees within an organisation. The debate between best fit and best practice has been long running (Purcell, 2004; Boxall and Purcell, 2011), and will be discussed in the following section.

2.3.3.1 Managing the two fits in SHRM

There is a growing interest and attention towards 'fit' or integration between HR strategy and organisation's business strategy (Baird & Meshoulam, 1988; Wright & McMahan, 1992; and Wei, 2006). The performance of an organisation is directly affected by HR practices, and in many cases the relationship between HR practices and organisational success is moderated by the business strategy (Khatri, 2000). Therefore achieving 'fit' is a fundamental feature of SHRM. In achieving its goals, organisations rely on a pattern of planned HR policies and

practices, referred to as 'fit' (Wright & McMahan 1992). The literature has identified two kinds of fit: horizontal fit and vertical fit.

Horizontal or internal fit exists when there is a match or congruence between all HRM policies and practices within an HR department (Baird & Meshoulam, 1998), while vertical or external fit denotes integration between HR strategy (policies and practices) with the strategic management process of the organisation (Schuler & Jackson, 1987; Baird & Meshoulam, 1998).

As SHRM is about integration of HR strategy and the business strategy, vertical or *'external'* fit helps to provide an alignment between the two strategies, and the former supports the accomplishment of the latter. Greer's (1995) 'integrative linkage' supports the notion of external fit in the sense that HR assumes the role of a strategic partner in designing a range of HR policies that will fit the business strategy. A proposed fit between HR policies and business strategy will improve organisation's performance (Boxall and Purcell, 2011). External fit will also require specific HR policies and practices to be designed to support the business strategy, as discussed earlier, in the case of different strategy typologies proposed by Porter (1980), Miles and Snow (1984) and Schuler and Jackson (1987).

Baird & Meshoulam (1998, p.122) propose that human resource management must not only achieve external fit, 'but also the components of human resource management must fit with and support each other'. The horizontal or *'internal'* fit requires all aspects of the HR strategy to fit together, with the aim of achieving a coherent approach to managing human resources (Budhwar and Aryee, 2008). The idea is to create a synergy between the HR policies and practices, for example recruitment and selection, and training and development, ensuring that one policy or practice supports and reinforces the performance of the other.

Guest (1989) emphasised that one of SHRM's key goals is to ensure HR policies cohere both across policy areas and across hierarchies, and Katou and Budhwar (2007) echoed the same by highlighting the importance for different HR policies and practices to be mutually reinforcing. HR strategies are intertwined with all other strategies within an organisation (Walker (1992), making HR a very unique function in the organisation.
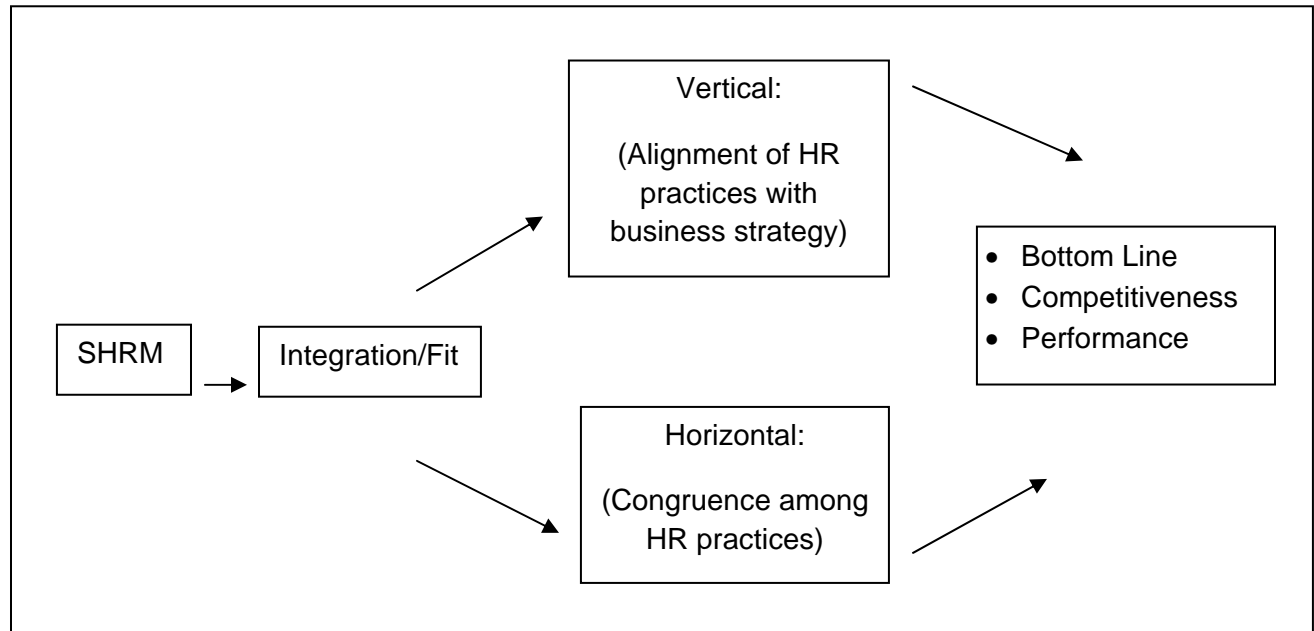
Figure 2.3: Two Types of fit (Source: Inyang, 2010)

Figure 2.3 depicts both vertical and horizontal fits, and these two fits, creating the congruence or alignment between business strategy and human resource policies, may lead to the organisation's performance, attainment of bottom line and competitiveness (Inyang, 2010).

2.3.3.2 Best fit vs. Best practice

As discussed earlier, over the last decade or so many scholars have researched the concept of integration and fit, and no single way of integrating HRM to strategy is advocated (Delery and Doty, 1996; Youndt *et al.*, 1996; Guest, 1997; Katou and Budhwar, 2006; 2007; Boxall and Purcell, 2011). Most theoretical debates around this nexus suggest a 'contest' between the two approaches of 'best fit' and 'best practice' (Boxall and Purcell, 2011, p.63). This section will first discuss the best fit approach also known as the contingency approach, followed by the best practice approach which is also called the universalistic approach; and lastly the configurational approach, a blend of the first two approaches.

2.3.3.2.1 Best fit or contingency approach

The best fit or '*contingency*' model argues that HR strategy will depend on the specific context within which the organisation operates (Boxall and Purcell, 2011). Vertical or external fit is inherent in this approach (Fombrum *et al.*, 1984; Golden and Ramanujam, 1985; Schuler and Jackson, 1987; Lengnick-Hall and Lengnick-Hall, 1988; Guest, 1997), where specific HR policies and practices are linked with various types of generic business strategies. This also leads to HR focusing on business strategy first then individual HR practices (Budhwar and Aryee, 2008). As highlighted earlier, Boxall and Purcell (2011) organised the evidence of best fit research and critique, and looked at three analytical levels – *organisation, industry and society.*

According to Boxall and Purcell (2011), societal fit is about how organisations adapt to the characteristics of the societies in which they are located and whether they are wise to do so. Organisations need to comply with the labour laws of the countries, adapt to national economic conditions, including the relative difficulty of recruiting suitable labour in local markets, and the issue of differences across countries in cultural norms. Industry fit encapsulates the 'relationship between organisation and the economic, technological and socio-political factors that are specific to their particular industry' (Boxall and Purcell, 2011, p.76). Organisations tend to imitate what is seen to work in their industry, and this includes approaches to managing people. Chatman and Jehn (1994), for example, show that different industry characteristics, such as different types of technology and different rates of growth, affect organisational cultures. There are also major differences between the private and public sectors (Kalleberg *et al.* 2006). Public sector organisations are typically larger and more bureaucratic than those in the private sector, as well as being much more highly unionised (Freeman, Boxall and Haynes 2007). HRM in the private sector varies between manufacturing and services. By virtue of being labour intensive, the services sector often requires managers to maintain labour costs at a level of economic survival in the industry concerned (Boxall and Purcell, 2011). The general observation in service industries is that the greater the knowledge required to deliver the service or the higher the quality of the service, the higher will be the price of it and the greater will be the investment in recruiting, paying and developing the people who deliver it (Boxall, 2003).

Industries are not uniform: they consist of clusters of firms, often targeting the same group of customers, whose strategies tend to fit into a similar configuration (Porter, 1980; Suarez and

Utterback, 2005; Peteraf and Shanley, 1997). In the hotel industry for example, there are firms targeting wealthy travellers (4-star and 5-star hotels), those targeting mid-range travellers who do not need the full amenities of an elite hotel (3-star and 2-star hotels), and those targeting the low-cost travelers (1-star hotels and backpacker hostels). These can be seen as distinct strategic groups of firms with major investments required to move from one category to another (Boxall and Purcell, 2011).

2.3.3.2.2 Best practice or the universalistic approach

In best practice thinking, 'a universal prescription is preferred' (Boxall and Purcell, 2011, p. 85). The best practice or the '*universalistic perspective'* of HR suggests the prescription of a specific set of HR policies and practices, also known as 'best practices', that is expected to produce superior results for the organisation, regardless of the accompanying circumstances (Budhwar and Aryee, 2008). Researchers have emphasised that horizontal or internal fit is a significant requirement for best practices to improve organisation's performance (Pfeffer, 1994; 1998; Huselid, 1995; Delaney and Huselid, 1996; Claus, 2003).

Researchers have reacted differently in their support for the universalistic approach to strategic HRM with notable differences across studies as to what constitutes a 'best HR practice' (Legge, 1978) leading to much diversity in the lists of best practices (Becker and Gerhart, 1996). Some practices are legal requirements in a particular country, for example employee grievance procedure in the UK, and there might not be a universally valid list of best practices (Boxall and Purcell, 2011). However most studies have proposed that one mechanism that has an impact on universal HR practices is the 'human capital base', or the available skills, knowledge and desired attitude in the organisation (Pfeffer, 1998; Bamberger and Meshoulam, 2000; Christensen Hughes, 2002; Boxall and Purcell 2003). The organisation's recruitment, selection, training and development processes directly affect the quality of this human resource base.

The '*configurational'* approach argues that organisations should combine internal and external fit in striving to gain strategy success, as both the 'general principles' and 'specific context' play an important role in SHRM (Boxall and Purcell, 2011, p.96). This implies that organisations will design best HR policies and practices with a specific combination depending on the context or business environment (Guest and Hoque, 1994; MacDuffie, 1995; Delery and Doty, 1996;

Huselid and Becker, 1996; Katou and Budhwar, 2006). By virtue of its focus on both internal and external fit, the configurational approach will consider organisational business strategy first and then the systems of HR policies and practices (Budhwar and Aryee, 2008).

Some researchers find it difficult to ascertain which of the above three approaches is the most effective one. As Wood (1999, p. 409) describes it: "If one's arm were twisted to make an 'overall' conclusion on the balance of the evidence so far, one in favour of contingency hypothesis would be just as justified as the universal hypothesis". However, Boxall and Purcell (2011, p.94) feel that the best fit or contingency approach is a 'clear winner', based on the evidence of 'what firms actually do'. By that they meant that human resource management is influenced by context, including a range of economic and socio-political factors.

Similarly, Youndt *et al.,* (1996) in comparing the universalistic and contingency perspectives of SHRM in a study conducted using a sample of 97 plants in a manufacturing setting, supported the contingency approach.   However, they argued that universalistic and contingency approaches to fit or integration are not necessarily mutually exclusive, an observation Boxall and Purcell (2011) also made.   Therefore, it is proposed that while the universal or "best practices" approach provide a strong underpinning layer of SHRM activities, the contingent factors or "best fit" should be considered at the surface layer, to enable organisations to achieve a higher level of performance, as described in Figure 2.4 below.

| Surface layer: HR policies and practices- heavily influenced by diverse context (economic and socio-political) |

| Underpinning layer: general principles of HRM |
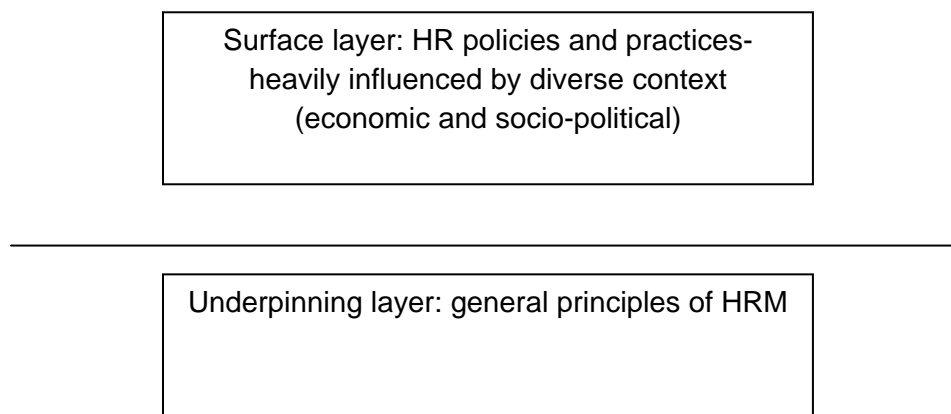
Figure 2.4: The 'best fit' versus 'best practice' debate: two levels of analysis (Source: Boxall and Purcell, 2011)

2.3.3.3 Perceptions of SHRM between CEOs, HR professionals and line managers

As scholars have debated on different approaches to SHRM, it is also not surprising that perceptions of SHRM between different managers within an organisation may differ too.   A study on the perceptions of SHRM between CEOs, HR professionals, and line managers in 132 Australian public healthcare providers found significant differences in perceptions of SHRM between these managers (Bartram *et al.,* 2007).   They concluded that there are differences in actual HR priorities among the three groups in their study.   The same researchers argue that HRM will continue to be seen as an administrative function until SHRM is understood and expressed in unison.   Lengnick-Hall and Lengnick-Hall (2009) echoed that this study supports the classic complaint that HR does not convincingly justify its strategic importance and status in many organisations.

These differences in perception may affect both the formulation and implementation stages of SHRM in an organisation.   CEOs may want to reinforce the importance of implementation factors that involve the participation of managers at different levels, as well as the need to measure realised SHRM practices and outcomes.

2.4   Organisational analysis: SHRM implementation challenges

The pursuit of formulating and implementing SHRM goals is far from straightforward.   Section 2.3 discussed the formulation issues and challenges i.e. integrating HRM with business strategy.   This section will consider the strategic tensions involved in SHRM implementation.

2.4.1   HR as a strategic partner

In the early development of the HR field, organisations often emphasised and focused not only on having sufficient workers, but ensuring these employees had the right ability and motivation to achieve organisational goals (Lengnick-Hall and Lengnick-Hall, 2009).   The same researchers observed that with the introduction of SHRM, the focus shifted towards organisation competitive advantage and strategic capabilities derived from their human resources. As a result, this development signalled a crucial change in the roles, expectations and influences of human resource professionals (Lengnick-Hall and Lengnick-Hall, 2009, Inyang, 2010).

The above changes in roles and expectations of HR professionals called for HR to be more of a strategic partner and spend more time on its various activities, such as recruitment and section, and training and development. As Lawler III & Mohrman (2003) stressed, to be a strategic partner, the HR function must go beyond the traditional duties of maintaining records, and auditing. This section will discuss the strategic role of HR and the credibility (with the right competencies) HR department to perform that role.

2.4.1.1 The role of HRM in improving strategic management processes

As noted above, the HR profession has more challenging roles to perform under SHRM, by virtue of the increased expectations as a strategic partner. While the traditional HRM is regarded as transactional in nature and is concerned with administrative activities, SHRM requires the HR professionals, among others, to align the HR policies and practices with business strategy (Inyang, 2010). This requires HR professionals to think outside the traditional box of HRM. Rowden (1999) had earlier noted that the HR function must change from delivering pre-packaged HR services to helping managers create customised strategic plans.

HR professionals are expected to effectively support the formulation and implementation of organisation's business strategy, with the knowledge and understanding of the organisation's business direction and its competitive position in the market place (Lawler III & Mohrman, 2003). This will require enhancing the role of the HR professionals as strategic partners at the corporate or Head Office, while having HR specialists at department or unit level act as functional experts (CIPD, 2001). As such the HR manager could provide the leadership role in planning and developing the human resources to enact the strategy, as well as to drive the implementation initiatives to success (Lawler III & Mohrman, 2003).

Ulrich (1998) highlighted four complementary roles for HR professionals; *administrative excellence, employee champion, strategic partner and change agent*. The last two roles of strategic partner and change agent are strategic in nature. As a strategic partner, HR is expected to conduct an on-going evaluation of the alignment between current HR practices and the business strategy of the organisation (Ulrich, 1998; Inyang, 2010; Boxall and Purcell, 2011). This role of a strategic partner is better performed, and with confidence, if HR professionals can define the organisational architecture, which includes the organisation's strategy, structure,

rewards, processes, people, style and shared values (Ulrich, 1998). As a change agent, HR professionals are expected to play a key role in implementing and managing organisation change. This includes monitoring and identifying resistance to change and overcoming these barriers by collaborating with line managers (Ulrich, 1998), positioning HR as a role model by contributing to the bottom line (Inyang, 2010).

Metzler (1998) summarised that HR professionals, playing a strategic role, guide their organisations in recruiting its human resources well, developing and supporting their growth, and foster innovations to achieve the organisations strategic goals. Inyang (2010) further emphasizes that strategic HR professionals may have an early and active involvement in the decision making of key business choices. They should be held accountable too. HR professionals must challenge traditional ways of managing HR and promote innovation to improve the organisation's competitiveness, by effective monitoring at different levels of organisational hierarchy (Inyang, 2010).

2.4.1.2 Readiness of HR professionals to be a strategic partner

To become a strategic partner, HR professionals should have business-related competencies; which include strategy development, organisational design, and change management (Lawler, III and Mohrman, 2003). The absence of such competencies may affect HR professionals in performing their strategic roles (Aitchison, 2007).

Using a sample of 307 manufacturing firms in Malaysia, Long and Ismail (2009) concluded that HR professionals in Malaysia are still weak in performing the roles of strategic partner and change agent. In similar studies before that, Yeung, Wookock and Sullivan (1996) and Zigarelli (1997) emphasised the need for HR professionals to develop and demonstrate a set of required competencies in discharging their strategic roles and responsibilities. The competencies highlighted by these researchers are as summarised in Table 2.1 below:

Yeung, Wolcock & Sullivan (1996)	Zigarelli (1997)	Ismail & Long (2009)
• *Business knowledge* • *Customer orientation* • *Effective communication* • *Credibility and integrity* • *Systemic perspective* • *Negotiation and conflict resolution skills*	• *Global operating skills* • *Business and financial savvy* • *Strategic visioning, critical thinking and problem solving skills* • *Ability to use information technology* • *Deep HR knowledge* • *Change management skills* • *Organisational effectiveness skills*	• *Business knowledge* • *Strategic contributions* • *HR delivery* • *Personal credibility* • *HR technology* • *Internal consultation*

Table 2.1:   Competencies for HR managers and professionals to be able to perform a strategic role

The above table indicates that scholars generally agree that HR professionals need to be knowledgeable about the business of the organisation, which will enable them to perform a more effective strategic partner role. This competency is linked to strategic visioning and contributions, as indicated in the above table.

Huselid, Jackson and Schuler (1997) contrasted between technical and strategic skills set required by HR managers in a sample of 293 U.S organisations. They defined technical skills as recruiting, selection, performance measurement, training, and the administration of compensation and benefits. On the other hand, strategic skills include designing and implementing a set of internally consistent HR practices. While the researchers have succinctly compared the two sets of skills, one would argue whether the two sets are mutually exclusive or rather if they complement one another.

HR professionals may not assume they play only a supportive role in an organisation. HR professionals should instead be proactive and flexible in their mind set (Ismail and Long, 2009). In another study within the hospitality industry, Ahmad and Zainol (2011) concluded that that work experience and leadership skills are crucial competencies for HR professionals. The study

also concluded that industry knowledge, education and English proficiency are equally important.

2.4.2 HR -Line Manager Partnership (Devolvement of HRM to line managers)

The concept of partnership in HR calls for the integration of HR activities into the work of line managers, and hence, collaboration between HR professionals and line managers is paramount (Ulrich, 1998; Jackson and Schuler, 2000 and Renwick, 2003; Watson *et al.* 2007).

Budhwar and Sparrow (1997, 2002) noted that the devolvement of HRM to line managers is possible by giving line managers HRM ownership. This ownership includes responsibility for decision-making regarding HR- related issues and feedback on HR related strategy. The researchers, however, also highlighted that line managers need to be trained in human resource management.

Watson *et al.* (2007), in reviewing the partnership between line managers and HR managers in selected UK hotels concluded, among others, that there is potential to secure greater engagement of first-line managers in HR roles. They also proposed that to develop greater engagement of line mangers, the workloads and short-term job pressures of these managers must be reduced, while capitalizing on the good relations with the hotel HR specialists.

This partnership, however, has been noted as being "problematic" (McGovern *et al.*, 1997). In a similar vein, Whitaker and Marchington (2003) commented that many line- managers criticise that there is a lack of contribution by HR specialists, relating to the following four circumstances. First, HRM practitioners are unable to comprehend the nature of business and commercial realities. Second, HR is often seen to constrain the autonomy of managers to make decisions. Third, HR managers are unresponsive and slow to act. Finally, HR practitioners are criticised for propagating policies that may be inappropriate. Other studies revealed issues such as lack of time, trust between line managers and HR personnel, work priorities, distraction from general managerial focus, and inadequate capability as the various tensions between HR and line managers (Garavan *et al.*, 1993; Renwick, 2003; Watson *et al.*, 2007).

Overall, while the literature identifies the responsibilities for line managers in HRM, it also recognises the challenges in securing involvement of line managers in assuming HR roles. Clear delineation of tasks, support, training, and trust are crucial for effective devolvement of HRM to line managers (Watson *et al.*, 2007).

2.4.3 Political support and politics in organisations

Firms are embedded in industries and societies. Organisations, especially small ones are often dependent on state government support which includes systems for vocational education and training in their sector (Winterton, 2007), though these issues could also affect bigger organisations (Boxall and Purcell, 2011) including the so-called 'global' organisations. Chapter Three will include a discussion of SHRM challenges that are more context specific and concerning the political support hotels in Malaysia would like to receive from the government.

Politics, as a SHRM challenge, is not only limited in terms of government-level support, it might also be at intra-organisational level. In highlighting the importance of implementation, Sheehan *et al.* (2007) examined the relationship between the HR and political influence. Using a sample of 441 Australian HR managers, the researchers looked at the perceived organisational performance relative to HR's access to avenues of political influence. This study also revealed that the CEO's support for HR was more influential than representation of HR on the board.

Strategic management 'is not just mentally hard, it is politically fraught' (Boxall & Purcell, 2011, p. 33). There may be a power struggle between ambitious managers. This can cause conflict and split between departments. Within the organisations itself, complexity grows as organisations grow and become more diverse. Management faces 'cognitive limitations' in developing good strategy (Boxall and Purcell, 2011, p.33). Batt (2004) provides a vivid illustration of conflict within management across hierarchical levels. She describes how senior management in one company wished to introduce self-managing teams on the grounds that they would enhance productivity but supervisors and middle managers successfully resisted the initiative, which would radically change their roles. Implementation became impossible without their willing cooperation.

2.5   Industry analysis: SHRM in the hospitality industry

Being a service enterprise, a hotel's main objective is to provide guests with a superior service experience, which requires dependency on its employees for business survival and profitability (Kandampully, 2007). However, the heterogeneity and inseparability of service do not allow for post-production quality control and providing superior and consistent service experience is a challenge (Batt, 2000). Heterogeneity is the variance in service and inseparability is the simultaneous production and consumption (Kandampully, 2007). Therefore, the adoption of SHRM in the hotel industry necessitates strategic discussion on human resource and quality at the corporate level (Becker & Gerhart, 1996). This is crucial because the quality of employees' service is affected by the organisation's HR practices (Schneider & Bowen, 1993). The importance towards the human resource function grew considerably during the 1970s rapid increases in unit labour costs (Kelliher and Johnson, 1987). While having too few employees may affect the service quality, having too many permanent (full-time) employees is a risk because labour costs are the largest operating expenditure, especially in hotels offering full service (Becker & Gerhart, 1996; Knox & Walsh, 2005; Nankervis, 2000). Changes in the economy and labour market, such as economic downturns and increasing labour costs, have a strong impact on the hotel industry (Nankervis, 2000).

Organisations began to employ HR professionals and specialists, rather than adopting a 'fire-fighting' approach to HR matters. In addition to that more board members with HR background were appointed to company boards (Kelliher and Johnson, 1987). Likewise, the hotel industry could not ignore these developments. Boella (1986) has referred to the early 1970s as an important milestone in the hotel industry's HR activities.

A strategic approach is especially important for the hotel industry as it is vulnerable to its business environment, and the survival of hotel businesses is largely dependent on their internal management practices (Nankervis, 2000). The regulatory environments are subject to change and there is more legislation passed each year (Devanna *et al.*, 1981; Tesone, 2004) and HR managers must be alert and abide by current regulations before making any decision (Tesone, 2004). The environmental changes require organisations to be proactive and take a strategic approach to managing human resources. Therefore with SHRM, HR managers are required to have knowledge of the business and its environment and this is important because organisations must adapt to environmental changes if they are to be successful (Waddell, Cummings, & Worley, 2004).

The hotel industry is a highly labour-intensive industry (Chand and Katou, 2007), and by virtue of the nature of the service it seeks to provide, people represent a major resource in hotel operations. In providing effective and efficient service, the social and technical skills of its human resource are crucial, so is their ingenuity and hard work, their commitment and attitude (Gabriel, 1988; Anastassova and Purcell, 1995). Most front-line employees in hotels have frequent and often unsupervised contact with clients. The quality of the service experienced by the hotel guests is determined by the employees' level of performance. The industry's 'product' involves such critical labour content, it is extremely crucial to ensure effective HR policies are designed and implemented. Poor HR policies will lead to employees providing sub-standard services or product. In a service or hospitality industry, the quality of human resource determines the quality of the service given to customers (Forte, 1982). As Keenoy (1992) argues, management is reliant on employee cooperation. For example, no matter how much training and instructions are given on how to treat a customer, the waiter or employee in a hotel still decides whether to be helpful to customers or to be plainly rude.

However, many hotels that are successful and known for service excellence have been recognised as having 'best employer' status due to their commitment to employees and adoption of SHRM. Companies such as Ritz-Carlton (and their parent company Marriott), Four Seasons and Club Med Resorts, are all industry leaders and regularly recognised as great employers (Michelli, 2008; Solnet & Kandampully, 2008). Ritz-Carlton's adoption of strategic perspectives in HRM, for example, is apparent through the involvement of all employees in strategy formulation and implementation (Michelli, 2008). To compete with other hotels that offer similar core products such as luxury facilities and amenities, hotels such as the Club Med Resorts focus on their employees and how they connect with the guests (Solnet & Kandampully, 2008).

Despite the increasing importance of the HR function in industry as a whole, it is still considered as a low priority in the hotel industry in comparison to other managerial functions (Kelliher and Johnson, 1997). Researchers have suggested that the management of human resources in hotels is underdeveloped and lacking sophistication (McGunnigle and Jameson, 2000; Price 1994). Price (1994) stated that the research suggests for hotels "a dearth of sophisticated human resource management practices" (p.57).

2.5.1 Labour scarcity

Organisations compete both in product markets and also in labour markets (Windolf, 1986; Rubery, 1994; Coff, 1997). Employees can choose to leave employment or resign, and seek alternative employment wherever and whenever they wish to. Organisations that cannot make competitive job offers and sufficiently retain their employees are compromising with the goals of creating a stable operations system with a cost-effective supply of motivated employees (Boxall & Purcell, 2011).

The issue of staff turnover is intertwined with labour scarcity. Many companies in small countries are seeing their capable managers constantly being recruited to more challenging and better paid jobs in much larger countries, where the big companies offer extensive career opportunities (Gilbert and Boxall, 2009). Employee turnover is a major problem in the hotel industry (Cheng & Brown, 1998; Nankervis, 1993; Wilton, 2006). Though hotels in Malaysia might be successful in recruiting employees who would stay with the same hotel for a longer period, it should be noted that the salary levels in the Malaysian hotel industry have been rising in recent years and this poses a challenge in retaining employees (Nankervis, 2000). Hotels must manage turnover as it leads to increased recruitment, selection and training costs and negatively affects service delivery quality (Cheng & Brown, 1998). Turnover disrupts and hinders the effectiveness of an organisation when it is excessive and moreover when it involves talented employees (Robbins *et al.*, 2001).

When employees join and leave companies whenever they like, organisations face a challenge managing employee turnover and the ability to predict the behaviour of employees. We should not imagine that employees are passive or lack power resources, even in low-wage, low-skill conditions (Boxall & Purcell, 2011). For example, in Edwards and Ram's (2006) study of a selection of Indian restaurants in Britain, chefs were in relatively short supply and the quality of their cooking was critical to the success of the restaurant. This meant that they were granted greater autonomy in how they ran the kitchen and could sometimes get extended leave to visit family in India, a concession rarely available to waiters. It pays, therefore, to think of employment relationships in terms of 'bargaining model': the parties are 'mutually dependent' and each has some room to bargain with the other party over time (Edwards and Ram, 2006).

Retaining employees and managing turnover is therefore an important HR initiative. Becker and Huselid (2006) focused on this issue and called it a challenge in strategy implementation (2006). In similar vein, Boswell (2006) introduced a new construct, employee-line-of-sight. She concluded that employees with longer tenure had greater line of sight.

2.5.2 Linking Recruitment and Selection, and Training and Development practices with business strategy

Among the various HRM functions, recruitment and selection, and training and development functions lie at the heart of how organisations attract and develop the critical skills required by them (Aaker, 1989). According to McGunnigle and Jameson, (2005), within the HRM literature, recruitment and selection is frequently identified as an essential function. Effective recruitment and selection is a crucial aspect of SHRM formulation and implementation. Snell (1992) identifies these two functions as an input control system that can prevent performance deficiencies. As such, huge budgets are allocated annually to be spent on employee recruitment and training (Georgenson, 1982).

William *et al.* (1993) have stressed that recruitment should be carried out thoughtfully and systematically. Within the hotel specific research into HRM, recruitment and selection, and training and development are identified as the primary functions of the human resource manager (McGunnigle and Jameson, 2000). Kelliher and Johnson (1987, 1997) had earlier suggested that these two are in fact the central functions of hotel HRM. Recruitment was found to be a dominant activity by virtue of this industry experiencing a high turnover. They then reiterated that the hotel industry's HRM could almost be said to be just about recruitment and training.

In a sample of 845 Indian hotels, Chand and Katou (2007) concluded that 'recruitment and selection' proved to demonstrate the strongest relationship with profitability. They also found that 'training and development' had a strong impact towards 'good service quality'. Since the quality of employees' service is affected by the organisation's HR practices, this endorses the importance of SHRM (Schneider & Bowen, 1993; Becker & Gerhart, 1996). This is crucial because the hotel industry has a reputation for critically high employee turnover rates due to poor HR practices (Davidson, Guilding, & Timo, 2006; Lucas, 1996; McGunnigle & Jameson, 2000; Nankervis, 1993; Wilton, 2006). The labour intensiveness and the vulnerability of the

industry to environmental impacts such as market fluctuations, further enhanced the significance of SHRM in the hotel industry (Hoque, 2000; Nankervis, 1993).

The HR department in hospitality organisations, as in most other industries, is often considered as a cost centre because 'although the investment in employees is directly measurable, in contrast, the outcomes of this investment are very difficult to measure' (Cho *et al.*, 2006, p. 263). The outcomes of investment are often measured with intangible factors such as employee satisfactions, customer satisfaction, and customer complaints.

On the other hand, some researchers seem to have contradictory views about the extent to which the hospitality industry invests in its human resources (Alleyne *et al.*, 2006). Hospitality organisations have a reputation of regarding employees low in priority (Croney, 1988; Price, 1994; Lucas, 1996; Kelliher and Johnson, 1997; Haynes and Fryer, 2000; McGunnigle and Jameson, 2000). On a positive note, some studies do confirm the importance of employees to hospitality in organisations (Haynes and Fryer, 2000). Similarly, Kelliher and Johnson (1997, p. 330) concluded that "there is scant evidence of any real shift towards a model of HRM", and Watson (1996, p. 104) that "few hospitality organisations are taking a strategic approach to management of human resources". The size of the hotel is also important as the priority in large hotels is to recruit, select and develop staff (Worsfold, 1999). This is also echoed by Kelliher and Johnson (1997) who noted that in larger hotels the situation appears to be somewhat better.

A number of researchers have found that the hospitality industry suffers from extremely high turnover (e.g. Woods, 1992; Kennedy and Berger, 1994; Cheng and Brown, 1998). Chand and Katou (2007) reviewed the literature and concluded the factors that have an impact on turnover include poor induction, labour markets, recruitment and selection, training and development, and management style. Implementing SHRM initiatives, such as to achieve commitment through training and development, is going to be challenging if turnover rate is escalating (McGunnigle & Jameson, 2000).

Therefore, the areas being focused in this study are in line with the HRM literature relevant to the hospitality industry. Other functions in SHRM, such as compensation, employee relations and performance management, are in themselves complex and do not appear to figure as prominently in the hotel-specific literature. The scope of the research focuses on recruitment

and selection, and training and development, but the importance of other SHRM functions as mentioned above, are not considered inferior or non-strategic in any way. Recruitment and Selection, and Training and Development within the context of hotel industry will now be further discussed in the following subsection.

2.5.2.1 Recruitment and Selection

The process of recruitment begins with creating a pool of qualified applicants and selection involves choosing the right person from that pool, who can perform the job most successfully (Jerris, 1999). If managed effectively, recruitment and selection can assist in mitigating employee turnover while exerting a strong influence on an organisation's culture (McGunnigle & Jameson, 2000). As the tasks of non-managerial employees' are routine and easily taught (Hales, 1987), most hotels prefer to pay attention to attitude and behaviour and consider them as crucial skill requirements in employee selection (Nankervis, 1995)

Strategic recruitment and selection is about hiring effectively. In strategic recruitment, therefore, it is important to create a reasonably large number of applicants to enable a chance of obtaining the most qualified candidates among them, and for this purpose adequate investment is required (Millmore, 2003). Previous research highlighted that hotels commonly recruit through newspapers, the internet, internal advertising, and word of mouth (Connolly & McGing, 2007), plus industrial attachment and network associates of the industry (Cheng & Brown, 1998). On the other hand, a strategic selection method enables and assists candidates to assess the organisation. This is done by giving the candidates a realistic job preview (Millmore, 2003). Realistic job preview is also known as realistic recruitment, which is essential for employee retention and job satisfaction (Raub & Streit, 2006). Realistic recruitment will allow candidates to assess and decide whether they are suitable and fit into the organisation. This decision and awareness is made at an early stage of the recruitment and selection process. Candidates who are not comfortable with the expectations of the job and the context in which it will be performed can choose not to accept the offer or even decide to withdraw before being selected. This will result in cost reduction related to employee turnover and training.

Hotels intending to be strategic in their selection exercise must adopt multiple methods that are highly reliable and valid, match the demands of person specifications and involve as many

stakeholders as possible in selection and decision-making (Millmore, 2003). It is expected that hotels will use different selection methods depending on the position being hired, as employee selection for managerial positions is expected to be more thorough compared with that of non-managerial positions (Kelliher & Johnson, 1997; McGunnigle & Jameson, 2000). Internal recruitment is also common in hotels, especially for lower rung positions like supervisor and bar captain. There is a tendency for hotels to consider internal candidates compared to external candidates, and if external candidates are chosen, it is important that they fit into the organisation's culture (Collins & Smith, 2006).

2.5.2.2 Training and Development

The initial training and development effort designed for employees is induction. Induction familiarises new employees with the organisation and is often divided into general induction, conducted by the HR department, and departmental induction, conducted by the respective department manager. While the general induction informs employees of the organisation's culture, rules and regulations, and health and safety procedures, the departmental induction informs employees of their job details and teaches them how to perform their tasks (Cheng & Brown, 1998). Hotels, like any other organisation, should give importance to induction because it enhances employee retention (Cheng & Brown, 1998). To be effective, induction should be formally conducted (Sun *et al.* 2007), if possible, in the first week of employment (McGunnigle & Jameson, 2000).

Training and development from a broader perspective of Human Resource Development (HRD) include activities such as: training needs analysis; training programme design; delivering training; controlling and assessing training (Koorneeff *et al.*, 2005; Watson *et al, 2007*). To further stress the importance of HRD, Watson *et al.* (2007, p.32) stipulate "HRD is not only supportive of, but central to, business strategy.

Training by itself is a procedure initiated by an organisation to enhance employees' knowledge, skills, abilities, attitudes and behaviours to perform tasks (Hosie, 1994). The relevance and importance of training and development in hotels has been recognised by many practitioners (Cheng & Brown, 1998; McGunnigle & Jameson, 2000; Nankervis, 1995). SHRM practices within hotels recommend long-term focused training policies and procedures which are well documented and structured (McGunnigle & Jameson, 2000).

Training can be divided into generic training and job-related training, where generic training includes language training, telephone etiquette (Cheng & Brown, 1998), health and safety (McGunnigle & Jameson, 2000) and guest service and grooming; while job-related training includes making up room, food preparation, kitchen management and front office management. The HR department normally handles the generic training while the respective department managers are responsible for job-related training (Ahmad, 2010).

Hotels provide training opportunities primarily to fulfill the requirements of skills and demands of employees' jobs consequently, they also increase employees' chances for promotion in the organisation (Cheng & Brown, 1998; Connolly & McGing, 2007; McGunnigle & Jameson, 2000; Sun *et al.*, 2007). However, hotels do also provide career advancement opportunities for their committed, efficient and competent employees, through formal and structured career development initiatives (Cheng & Brown, 1998; McGunnigle & Jameson, 2000).

The SHRM challenges from the perspective of industry analysis highlight the unique characteristics of the hospitality industry, which is highly labour intensive. While people represent a major resource in this service- based industry, labour scarcity and employee turnover are challenges that are normally associated with this industry. Recruitment and selection, and training and development are two HR functions that are linked to SHRM and business strategy by virtue of their importance in hiring and developing the critical skills required by hotels.

2.6   Societal analysis: SHRM within the Malaysian and Asian context

The purpose of this section is to provide an insight to the SHRM issues within the Malaysian context, and to review the existing SHRM research within Malaysia.

2.6.1 The Malaysian situation

Abang Ekhsan (2009), in his research on two Japanese manufacturing companies in Malaysia, entitled "Strategic HRM: Barriers and Implication," noted that very limited research on SHRM has been done in non-western countries (Budhwar 2000; Budhwar and Khatri, 2002; Budhwar and Sparrow, 1997; Khatri, 2000; Abang Ekhsan, 2008) with so far no empirical studies

specifically examining issues as barriers to effective implementation of SHRM practices in Malaysia. A review of internationally published literature found limited studies which provided information of SHRM practices in developing countries (Nankervis, 1995; Onyango *et al.*, 2009). Ahmad (2009) claims that research which provides detailed explanation of suitable HR practices for developing countries remain absent.

HR policies and practices in Malaysia are largely influenced by the British colonisation experience of the 19th century, and hence, HR policies and practices in Malaysia are derived from the integration of Western and indigenous HR practices (Chew, 2005). In a similar vein, Hirano (1991) categorised Malaysian HR policies and practices into two mainstreams. The first consists of British- oriented values, and the second involves ethnic- oriented values (e.g., Malay, Chinese and Indian values). The researcher further argued that companies in Malaysia were managed either in more of the British or the (ethnic) indigenous way. In addition to that, Kawabe (1991) suggests that Malaysians, being money- oriented, often change jobs for better financial offers. The absorption of new Western ideas by Malaysian overseas graduates may contribute to the changing value systems of Malaysians (Sheppard, 2001).

Nevertheless, on a wider scope, there have been quite a number of studies on SHRM in the Asian context. Kharti and Budhwar (2000) examined five strategic human resource management issues in nine companies in Singapore, of which HR strategy and HR competencies are two areas relevant to the current study. Chand and Katau (2007) studied the impact of HRM practices on organisational performance in the Indian hotel industry. They observed that hotel performance is positively associated with hotel category and type of hotel (chain or independent). Another study in Indian organisations, exploring organisational learning from a strategic HRM perspective, highlighted a positive relationship between organisational learning, strategic HRM and sustainable competitive advantage (Khandekar and Sharma, 2005). Habir and Larasti (1999) presented three mini cases to argue that human resource management in Indonesia is a complex process with both national and international influences.

The above landscape in a Malaysian and Asian context suggests a 'scarcity' of SHRM literature within this region. Moreover, SHRM in Malaysian hotels is an under-researched subject as testified by the CEO of Malaysian Association of Hotels (Pereira, 2010). While research on SHRM is deemed under- researched, especially within the hospitality industry, one study on

barriers in SHRM implementation identified challenges within the manufacturing industry, as discussed in the following section.

2.6.2 Barriers in SHRM formulation and implementation: A Malaysian case

As mentioned above, in a study involving 262 manufacturing companies in Malaysia, Abang Ekhsan (2009) highlighted several SHRM challenges. While the following barriers related to SHRM formulation and implementation are specific to the Malaysian manufacturing industry, they have been included and discussed from a general and hospitality perspectives in the above literature. The barriers related to SHRM implementation in the study include:

i) **HR integration** - HR activities must be an integral part of the functional and overall corporate strategy. HR must be involved in the strategy formulation right from the earliest stage.

ii) **HR representation and involvement** – HR should be represented and actively involved in strategic deliberations. Decisions should be made with consultation and input from HR. Malaysian HR managers have limited involvement in decision making at the board level. Some of the decisions were made without consultation and input from them.

iii) **Devolution of HR functions** – there must be clear policy on devolution of HR functions between HR and the line manager. The understanding of HR as a shared function will enhance better support and commitment.

iv) **HR strategic partner role** – the need for HR to move away from reactive to proactive role. HR must not only play a more strategic role but must be seen to be strategic partner in order to be perceived to be effective by their stakeholders.

v) **Management commitment and support of HR** – ensures legitimate support and encourages long term commitment to HR issues by all parties in ensuring HR contributions towards organisational effectiveness.

vi) Broad job structure – encourages job rotation and multifunctional skills, hence, cultivates effective team work across functional divisions, enabling employees to acquire cross-functional and generalist skills.

vii) Negative perception of HR - CEOs and line management must not have the impression of HR as performing traditionally routine administration and the often negative labelling of HR as having relatively lower status than other functions.

viii) HR competencies - HR practitioners must acquire SHRM competencies which include business acumen, financial management and a focus on bottom line, in addition to HRM skills.

ix) HR programs in universities - the need to further develop HR courses that suit current needs. HR programs at the Bachelors and Masters level should blend HR components with core business elements. The inclusion of business, finance, marketing and statistics as core subjects would equip HR graduates with business related knowledge.

2.7 Conceptual framework and potential contribution of this research

Lengnick-Hall and Lengnick-Hall (2009) in their review of the SHRM literature pointed out the concerns, focus and areas for future research which among others include issues of horizontal and vertical fits, and implementation issues in SHRM.

The focus of this study includes challenges in implementation as proposed by Becker & Huselid (2006) in particular of vertical and horizontal fit. Studying internal fit requires distinguishing between intended and realised HR practices, which is a focus of this study. An organisation may have policies and practices that appear to be 'fit' from the outside-observer perspective. However, the manner in which these policies and practices are actually implemented may not be congruent with their intended purpose. As Lengnick-Hall and Lengnick-Hall (2009, p. 81) put it, *'for such an important area of SHRM theory, we urge scholars to work to resolve these problems.'*

Figure 2.5 presents the conceptual framework that provides the theoretical overview of this research and the sequencing of discussion within this chapter. The conceptual framework is "the current version of the researcher's map of the territory being investigated" (Miles and Huberman, 1984, p.33). According to Trafford and Leshem (2008), before a researcher begins an investigation, the use of theory to make sense of the topic is important regardless of what research approach is adopted. They further explain three origins of the conceptual frameworks; the concepts generated by the interactions between reading, reflection, and assumptions that come from experience. The conceptual framework depicted in Figure 2.5 predominantly reveals the concepts and theories generated through reading and the critical review of the literature. However, in keeping with the interpretive inclination on the research paradigm which will be discussed in detail in Chapter Four, my personal ideas and beliefs about SHRM drawn from my experience as a HR practitioner and academic have an overarching influence on this conceptual framework.

The conceptual framework is to be read from right to left. Strategic HRM is an outcome of the integration and linking of HR practices with the company's business strategy. The framework then highlights the three analytical levels of SHRM, namely the organisational analysis covering challenges in strategy formulation and implementation, the hospitality industry analysis, and the societal analysis looking into the Malaysian context. The challenges in formulation and implementation within the unique and under-researched Malaysian hospitality industry context, then lead to the overarching research question of this thesis. As highlighted in Chapter One, the general research question for this study is:

What are the challenges faced by Malaysian hotels in formulating and implementing strategic human resource management (SHRM) focusing on Recruitment and Selection, and Training and Development?

Figure 2.5 incorporates the general research question as the outcome of the study. This chapter has considered the following sub- questions from a theoretical perspective:

1. How is SHRM integrated with business strategy?

2. What are the experiences of SHRM challenges, particularly in relation to recruitment and selection, training and development, faced by CEOs/General Managers, HR professionals and line managers within the Malaysian hospitality industry?

Figure 2.5 – Conceptual framework for this research with a focus on literature review

Legend:

⬅ Outcome

⬌ Subcomponent

What are the challenges faced by Malaysian hotels in formulating and implementing SHRM focusing on Recruitment and Selection, Training and Development?

Industry Analysis

- **Labour scarcity** (Boxall & Purcell, 2011).
- **Linking SHRM to Recruitment and Selection**
- **Linking SHRM to Training and Development**
- McGunnigle & Jameson (2005); Raghuram (1994); Kelliher & Johnson (1987, 1997)

Societal Analysis

- **Existing SHRM research in Malaysia**
- **Barriers in SHRM implementation in Malaysia**
- Abang Ekhsan (2008); Budhwar & Khatri (2002); Ahmad (2009); Nankervis (1995)

Organisational Analysis (Formulation)

- **Vertical vs. Horizontal fit** (Miles & Snow, 1984; Baird & Meshoulam 1988; Wei, 2006
- **Best practice vs. Best fit** (Pfeffer, 1994; Huselid, 1995; Boxall & Purcell, 2011
- **Differing perceptions of SHRM** (Bartram, Stanton, Leggat, Casimir & Fraser, 2007)

Organisational Analysis (Implementation)

- **HR as a strategic partner** (Ulrich, 1998; Lengnick Hall) & Lengnick Hall,
- **Line manager and HR partnership** (Ulrich, 1998; Watson *et al.* 2006)
- **Political support** (Winterton *et al.*, 2006; Batt (2004)

SHRM

Linking HR to business strategy

(Greer, 1995, Purcell, 1989, Guest, 1987)

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Chapter Three will provide details of the Malaysian society context for addressing the final sub-question, namely:

3. What are the organisational, industry and societal sources of SHRM formulation and implementation challenges, particularly in recruitment and selection, training and development, within the Malaysian hospitality industry?

As explored earlier in this chapter, the field of strategic human resource management is both broad and contested. In focusing on the core literature concerning the challenges in formulating and implementing SHRM, there were therefore a multitude of related issues concerning the topic which lay outside the study's remit. The process of including and excluding these constructs led to the selection of the relationships which were considered to be the most important to the study. Given the inductive nature of this study, there were several iterations of the framework as the study progressed and Figure 2.5 presents the final version. The conceptual assumptions are based on the following two items proposed by Trafford and Leshem (2008): one, creating new understanding of existing issues; and two, identification of new and emerging issues worthy of investigation and explanation. This thesis will explore, through its empirical study which is discussed in the next chapter, the 'issues' of SHRM within the under-researched Malaysian hospitality context. The challenges faced by Malaysian hospitality CEO/General Managers, HR professionals and line managers are new and emerging issues worthy of investigation and explanation.

2.8 Summary

This chapter has explored the concept and importance of strategic human resource management through a critical evaluation of the literature. With a focus on both academic literature and management practice, the field of SHRM has enjoyed a notable dominance during the past two decades. The emphasis of this study can be viewed from a hybrid perspective, i.e. the main research question focuses on formulation and implementation challenges. Where formulation aspect of SHRM has been widely researched, the aspect of implementation is relatively unexplored.

The evolutionary development of the field across the globe has been outlined and the recent scrutiny of the concept regarding challenges in formulation and implementation has been

discussed. There is a consensus that SHRM is evolving but there is little agreement on how SHRM might integrate, or 'fit' with, business strategy. SHRM formulation and implementation vary considerably between strategies adopted and this has been discussed accordingly. A discussion of linking HR strategies with business strategy has been provided, together with the readiness of HR professionals to play a strategic role. Previous studies that have sought to identify SHRM challenges and practices suggested that, for the most part, SHRM literature is primarily focused on developed and rich countries, creating space for a future research agenda on SHRM on countries with emerging economies. The gap identified in the existing literature generated a specific set of research questions which were summarised in this chapter. The next chapter will discuss SHRM challenges from a societal analysis perspective within the Malaysian hospitality context.

Chapter Three

The Malaysian Hospitality and Human Resources Landscape

3.1 Introduction

The Malaysian government recently launched an Economic Transformation Programme (ETP) that aims to transform Malaysia into a high-income nation by the year 2020 (Malaysia Prime Minister's Department, 2010). Besides, as Malaysia aspires to shift towards a service- based economy, successful implementation of the ETP will drive Malaysia's economy to undergo the necessary changes. The ETP identified 12 national key result areas (NKEAs) of which one is focused on 'revving up the tourism industry', and hotels represent a critical part of the tourism industry (Malaysia Prime Minister's Department, 2010, p.7). With the tourism sector expected to be leading Malaysia's economic development, the country needs to ensure hoteliers are able to generate sufficient returns to encourage re-investment into the sector as well as attract higher quality staff (Malaysia Prime Minister's Department, 2010).

This chapter provides a brief description on the tourism and hospitality industry in Malaysia as well as the related human resources challenges affecting the industry. The SHRM challenges faced by hotels, within the Malaysian context, is the main contribution of the current study. This chapter highlights the specific challenges involving hotel managers and policy makers in Malaysia. The relevant challenges discussed in this chapter are business versus labour trends, policy on hiring foreign workers, and the English language proficiency. These challenges are related to the societal level of analysis that was discussed in Chapter Two. These challenges are discussed in this separate chapter, as it creates a preview of the context-related SHRM challenges faced by managers in Malaysian hotels.

This chapter, therefore, addresses the research objective:

- To illustrate the challenges of strategic HRM in practice, within the Malaysian context

3.2 Business versus Labour trends

As part of the ETP initiatives mentioned above, the Malaysian government has set sight on the target of *2020:36:168* – which means, that the year is 2020, Malaysia will receive 36 million tourists arrivals and RM168 billion tourists receipts. According to Forbes.com, the Asian region had a record 332 billionaires in the year 2011, up by 98 billionaires (from 234) just a year ago. This number serves as a good tourism market to tap (Wee, 2011). However, high income tourists prefer products and services of high quality, provided by high quality employees. In a survey conducted in 2009, the perception of high spending tourists on the service quality in Malaysian hotels was rated lower compared to those in Thailand and Singapore (Hecker, 2011). The target of 36 million tourists' arrival by 2020 will not make a significant impact to overall yield of business, if Malaysia does not attract higher spending tourists. While the tourists arrival is expected to grow by 75%, only 25% growth from yield is projected (Malaysia Prime Minister's Department, 2010). By improving and upgrading its tourist offerings and services, including its human resources, Malaysia will be able to attract a higher yield segment (Hecker, 2011).

Many Malaysian choose to enter the hospitality industry in markets that offer better income prospects, such as Singapore, Hong Kong, and Macau. As such Malaysia faces a skills drain issue (Malaysia Prime Minister's Department, 2010). For instance, the recent opening of the integrated resorts in Singapore has attracted a large number of Malaysians to seek employment opportunities there. In a keynote address at a Hospitality Conference, the Tourism Chairman of Malaysia said that Malaysia, being a multi-lingual society, sees its trained staff being absorbed by global market (Wee, 2011). He reiterated that the only way to react to this scenario is to 'reproduce more trained staff'.

The current average salary within the hospitality industry, which is considered relatively low compared with other industries, could also be the reason why many Malaysians are not attracted to this industry. For instance, the average salary in hotels is RM1,084 per month compared to RM2,114 in financial services and RM2,621 in the oil and gas sector (Malaysia. Prime Minister's Department, 2010). While the ETP is to create 497,200 additional tourism jobs by 2020, an increase of 30% from 2009, it recognises the challenge of attracting and retaining better quality staff to ensure an adequate supply of qualified human resources.

A recent survey conducted by the Malaysian Association of Hotels shows a shortage of employees in the hospitality industry, within 126 selected hotels, as depicted in Figure 3.1.

Department/ Description	Budgeted Staffing (A)	Current Staffing (B)		Shortage (A-B)
		Local	Expatriate/ Foreign workers	
Top Management	1081	954	75	52
Front Office/Reservations	3070	2762	50	258
Executive Office	175	157	5	13
Finance	1544	1498	1	45
Public Relations	846	115	0	731
Sales and Marketing	906	757	7	142
Human Resources	350	282	3	65
Engineering	960	891	1	68
Food and Beverage	4487	3680	184	623
Food and Beverage/ Kitchen	4069	3267	49	753
Housekeeping	4245	3363	465	417
Maintenance	787	678	23	86
Safety & Security	1438	1221	87	130
Sports & Recreation	431	356	22	53
Landscape	704	240	16	448
Stewarding	1209	986	99	124
Spa	165	90	6	69
Laundry	506	495	26	15
Purchasing	28	25	0	3
Public Area	54	36	2	16
Grand Total	27458	22194	1371	3893

Figure 3.1: Hotel Industry Workforce (Source: Malaysian Association of Hotels, 2010)

It shows that the shortage of workers in Malaysian hotels is especially significant in the areas of public relations, HR, food and beverage, kitchen, front-line as well as housekeeping. The

survey also shows that foreign workers predominantly fill positions in the food and beverage, and housekeeping departments. In contrast, the hotel industry in Malaysia faces restrictions when hiring foreign workers. In addition to that, hotels in Malaysia also face the challenge of obtaining local staff with adequate English proficiency that can cater to the language requirements of English speaking tourists (Malaysia Prime Minister's Department, 2010). These two challenges will be discussed in the following sections of this chapter.

The travel and tourism industry has been a key driver of the Malaysian economy over the last decade. The industry expected to account a significant share in the total employment, yet the existing workforce is unable to keep up with the demand. As employees play a significant role in the development of the hotels, attracting and retaining the right talent has been the biggest challenge. The turnover rate among hotel employees remains high with an annual rate of 65% (Malaysian Association of Hotels, 2010), against a similar global hotel industry turnover rate (Birdir, 2002; Carbery *et al.,* 2003; Ghiselli, LaLopa, & Bai, 2001; Hinkin & Tracy, 2000). Turnover is not restricted to any one particular position, and is prevalent among fresh graduates, managerial and operational employees (Radzi *et al.,* 2009).

The Malaysian youth population between ages 15 to 34 is approximately 9.75 million which makes 42.5% of the population. Young workers dominate the labour force with over 54% (Doraisamy, 2008). Turnover rates of micro and small establishments were higher than the medium and large ones. As a whole, the employment rate in the manufacturing sector is considered stable compared to the service sector.

Employment within the hotel industry is unattractive due to traditional constraints associated with hospitality jobs. These include long and often antisocial working hours, comparatively low pay, job insecurity, and low job status (Radzi *et al.,* 2009). The ever demanding hospitality industry needs people with passion for the job. Anyone getting into this industry, including the younger generation must do so for the love of it (Gunaratnam, 2011). Researchers observed that turnover is more prevalent among non-managerial employees compared to managerial employees (Price and Mueller, 1986; Wai and Robinson, 1998). In contrast, other researchers (Ingram & Brown, 2000; Ghiselli *et al.*, 2001; Carbery *et al.*, 2003) claim that the turnover rates for managers are significantly higher in the hotel industry.

3.3 Policy on foreign workers

Malaysia has a relatively long history of cross-border migration. However, despite that, the post- independence Government of Malaysia seems ill-equipped to manage the inflow of foreign workers into the country (Kassim, 2005). Policies on the employment of foreign nationals are determined by the Cabinet Committee on Foreign Workers, which divide foreign workers into two major categories, expatriates, comprising the managerial and professionals, and unskilled and semi-skilled workers. Of the two types of foreign workers, the unskilled/semi-skilled category is more challenging in terms of recruitment and employment (Kassim, 2004).

With the employment expanding faster compared with labour force growth, Malaysia is experiencing a near- to- full employment situation (Malaysia. Prime Minister's Department, 2010), and this attracts the influx of both legal as well as illegal foreign workers. Table 3.1 shows the number of foreign workers in Malaysia:

Year	Total foreign workers	Total in service sector	Total %
2006	1,829,209	166,829	9%
2007	2,044,805	200,428	10%
2008	2,062,596	212,630	10%
2009	2,077,432	215,562	10%
2010	2,079,126	218,165	10%

**Table 3.1: Total number of foreign workers in Malaysia and in the service sector
(Source: Ministry of Home Affairs, 2010)**

Based on the above table, foreign workers in the service sector comprise about 10% of the total foreign workers. It is important to highlight that the service sector includes the general tourism activities, of which hotels are a small but significant part.

The Malaysian government periodically reviews the selection of source countries of foreign workers. This selection is usually based on economic, social and political considerations

(Kassim, 2005). In the last three decades preference was given to workers from neighbouring countries in the ASEAN region, including Indonesia, Vietnam, Myanmar, India, Pakistan and Bangladesh. As the demand for these workers increased, more countries were included in the list over the last ten years, including Cambodia, Vietnam and Nepal. However, Indonesians remains the largest contributor, followed by Nepalese, Bangladeshis, Vietnamese and Myanmarese, as shown in Table 3.2.

Foreign workers - Country of origin	Percentage
Indonesia	70%
Nepal	7.8%
Bangladesh	7.3%
Vietnam	4.1%
Myanmar	3.3%

Table 3.2:   Foreign workers by country of origin (Source: Department of Immigration, 2009)

While Malaysia has benefited from its dependency on foreign workers, in terms of economic development, it has also from suffered several negative consequences, economically and socially (Jomo, 2005). According to Jomo (2005), in economic terms, Malaysia has experienced loss in revenue through the workers' remittances being sent back to their home countries. In addition to that, the presence of foreign workers also suppresses local pay. From a social aspect, the influx of foreign workers means the government is spending more on social amenities and social services, having to deal with diseases that were once under control in Malaysia, and in posing threat to security (Jomo, 2005). Some believe that the policies and laws regulating immigration are chaotic (Lim, 2009; Devadason, 2011), despite the large presence of foreign workers in the country. Most policies on foreign workers are created as a short-term remedy to problems related to labour shortage. In addition to that, a comprehensive policy on immigration is not available. The absence of such a policy, as an integral part of national strategies for economic growth, results in the failure to appreciate and recognise the

critical importance and contributions of migrant workers over the longer term (Devadason, 2011).

As such, the Malaysian government has been introducing gradual controls to regulate and monitor the influx of foreign workers in Malaysia. Procedures on foreign workers are revised from time to time by the Cabinet Committee of Foreign Workers, responding to the social, economic or political challenges (Kassim, 2005). In January 2011, in a move to combat local unemployment, companies in the manufacturing and services industries were banned from recruiting foreign workers, while recruitment in other industries was gravely restricted. With unemployment rate rising to 4% in the first quarter of 2011, this ban has been backed by the country's unions, seeing it as an opportunity to improve job security and to drive up wages (Harding, 2009). However, as with previous similar bans on foreign workers, these measures are generally short-lived, and do not last more than a year (Devadason, 2011). Policies on the banning and deportation of foreign workers are normally reversed when employers' voice their problems of labour shortage (Devadason, 2011).

As mentioned above, despite the perceived long term benefits of the policy, hotel and restaurant businesses are facing considerable short term staffing difficulties (Harding, 2009). Generally, Malaysians feel that by working in hotels their pride is in question, due to the deemed inferiority of hotel jobs (Pereira, 2010). Malaysians feel that they have already come to a stage where they are above certain other Asian countries, and will not apply for the 'three D' jobs – dirty, difficult and dangerous - mostly carried out by foreign workers (Harding, 2009). Whilst the restrictions on foreign workers, aimed at countering unemployment, may make long-term economic sense, Malaysian hotels face difficulties, especially in recruiting and selecting the right human resource (Pereira, 2010). In fact, restrictions on hiring foreign workers could lead to a higher unemployment rate amongst Malaysians should small businesses, which rely on foreign labour, are forced to downsize, to cope with recruitment difficulties (Harding, 2009).

There are numerous challenges surrounding policies on foreign workers. With the global economic downturn where most companies are finding ways to cut costs, cracking down on foreign workers recruitment might not benefit the Malaysian economy. The policy to restrict recruitment of foreign workers may give the Malaysian government a short-term political mileage, but its ability to spur longer term structural change in the Malaysian economy is debatable (Harding, 2009).

3.4 English language proficiency, and the tourism education

English is becoming the lingua franca of the modern world at a fast rate, and 'its global dominance encourages many speakers of other languages to gain at least a working use of the language in many fields' (Wilson, 2005, p.334). The important role of English language as a means and source of power is imperative in any business, more so in the hospitality industry where international guests communicate directly with service providers in the receiving country. A breakdown in communication because of language proficiency may affect the level of satisfaction the guests could enjoy during their experience (Thitthongkam and Walsh, 2011). In recognising English as the language of global communication and knowledge, competency in English is therefore essential if Malaysia is to become an innovative and high income economy (Paul, 2011), which resonates with the government's Economic Transformation Plan.

The challenge of English proficiency is made apparent with Malaysia ranking third out of five neighbouring countries in the English Language Assessment (ELA), with Singapore and the Philippines emerging first and second respectively (The Malay Mail, 2011). By virtue of many multinational companies setting up their base in Malaysia, Malaysians seeking employment opportunities with these companies should possess effective English language skills to be able to perform various tasks in their workplaces (Rajadurai, 2004). There has been a wide coverage in the local media regarding the debate on the importance of improving the proficiency in English language in Malaysia (Kaur and Clarke, 2009; Paul, 2011).

In addition to that, it was reported that in 2008, while 175,806 graduates were produced by the institutions of higher learning in Malaysia, only 55.1% of them found employment within half a year (The Star, 2009). With the increasing demand for higher education, it is expected that the number of graduates produced will continue to rise, but this will not be in tandem with the employment prospects, given the current economic conditions (Kaur and Clarke, 2009). With the above landscape, graduates with weak English language proficiency will find it more challenging to secure a job, as more companies, especially hotels, seek to hire graduates with good English language skills. Employers too face problems in creating a reasonable pool of qualified candidates for recruitment and selection purposes. Many employers prefer not to hire Malaysian graduates because of their poor command of English language (The Star, 2009).

In a similar vein, the challenge of English proficiency is not limited to graduates, but also Human resource (HR) employees (Kaur and Clarke, 2009). In their research, these authors found that in order to function more effectively as HR partners, there is a need for HR employees to improve their English language skills as they often find it challenging to understand native speakers who usually speak fast or with a foreign accent (Kaur and Clarke, 2009). As a solution, in view of the importance of the language, Malaysian five-star resort hotels have been providing English language training to their employees (Ahmad *et al.*, 2010).

The challenge of English proficiency can be attributed to the quality of tourism tertiary education and the extent to which languages are being taught (Thitthongkam and Walsh, 2011). These researchers also found that another contributing factor to this problem is the compromise in the tourism education in Malaysia when the duration of degree courses was shortened from four to three years so that the shortage of skilled manpower in tourism industry could be overcome.

3.5 Conclusion

This chapter has provided a brief but relevant landscape on the Malaysian hospitality and human resource context. The focus of this study is identifying SHRM challenges within the Malaysian hospitality context, and hence, the discussion in this chapter provides context-specific challenges of SHRM within Malaysia. An overall understanding of the business demand and labour supply provided an overview of the hospitality market and the availability of human resources. The shortage of suitable human resources has created a gap in the labour supply that is filled by foreign workers. However, the solution of foreign workers is not a straightforward one. Inconsistent government policies and the social-economic impact have been of paramount interest of various quarters. The challenge of the lack of English language proficiency, and its impact on the hospitality industry concluded the discussion of this chapter.

The SHRM challenges discussed in this chapter and the gap identified in the existing literature discussed in Chapter Two earlier, generated a specific set of research questions which were summarised in Chapter Two. The next chapter discusses how these research questions were addressed by an appropriately designed research approach and strategy.

Chapter Four
Methodology and research design

4.1 Introduction

The previous chapter has set out the current debates surrounding strategic human resource management. This chapter explains how the research questions can be explored effectively using semi-structured interviews and template analysis.

What counts as knowledge, and how that knowledge is generated and understood, carry real implications for research (King and Horrocks, 2010). This chapter explains and justifies the rationale behind the research design and data analysis, in the following sections. It begins by setting out the philosophical assumptions made in this research, and justifies the adoption of a subjectivist ontological stance with knowledge generated from an interpretivist epistemology, operating through an inductive research approach. As my role in making these assumptions and decisions is crucial, I shall write and report in the first person, wherever appropriate. The research questions of this study are highlighted as a signpost. The chapter also explains the research design and data collection process. The secondary data source is explained followed by an identification of the sampling strategy with a discussion on the landscape of the hotel industry in Malaysia and list of the locations of the hotels for this research. The development of the interview guide based on the research questions is then explained, followed by a discussion on how the interviews were conducted. This chapter provides an account of the data analysis process, including the process of developing themes from the interviews using template analysis, explained through a pilot method of data analysis.   A discussion on ethical considerations outlines issues that include informed consent, confidentiality, anonymity as well as the safety of the data gathered. The quality criteria in this research is argued and explained by considering reliability, validity and the process of triangulation. This chapter is summarised with a brief discussion on reflexivity.

This chapter, therefore, addresses the research objective:

- To design a methodology to elicit the experiences of challenges in SHRM among Malaysian Hotel CEOs/General Managers, HR Professionals and Line Managers.

4.2 Philosophical assumptions

Guba and Lincoln (1994: p.105), argue that questions of research methods are of secondary importance to questions of research paradigm. They note:

> "both qualitative and quantitative methods may be used appropriately with any research paradigm. Questions of method are secondary to questions of paradigm, which we define as the basic belief system or world view that guides the investigation, not only in choices of method but in ontologically and epistemologically fundamental ways."

King and Horrocks (2010: p.6) pose the question: 'To what extent can methodology and methods adopted be justified in relation to the purpose/rationale for the research?', and this question resonates with the objective of this chapter highlighted above. Undoubtedly, the above question and research objective force us to evaluate "a host of issues that need to be carefully worked through, examining our philosophical assumptions about reality and associated theoretical perspective(s)" (King and Horrocks, 2010: p.6). Besides, the 'host of issues' should be explained and defended. While Trafford and Leshem (2008) have also suggested that at the doctoral level of study, a critical thinking process is required in designing the research, they propose that the first major decision or choice concerns the paradigms. Guba and Lincoln maintain that no researcher should go about the task of research 'without being clear about just what paradigm informs and guides' (1994, p. 116) them. A paradigm is a 'set of beliefs that guide action' (Denzin and Lincoln, 2005a: p. 183), but this term can lead to confusion because of its 'multiple meanings' (Saunders *et al.* 2007: p. 112) and 'lack of a shared methodology' (Brand 2009: p. 429). Crotty (1998: p.10) explains that such a 'set of beliefs' concerns a researcher's attitude towards: the nature of existence and structure of reality (ontology), which embodies an understanding of '*what it is*' that can be known and; the nature of knowledge (epistemology), which embodies an understanding of '*what it means to know*'. Epistemology deals with 'the nature of knowledge, its possibility, scope and general basis' (Hamlyn 1995, p.242). As Saunders *et al.* (2007, p.108) make clear, epistemology concerns 'what constitutes acceptable knowledge', and ontology concerns the 'nature of reality'. These ontological and epistemological beliefs will then assist in deciding what is the research approach and acceptable method for research.

While Guba and Lincoln suggested that both qualitative and quantitative methods may be used appropriately with any research paradigm, Holliday (2002) refers to two 'paradigms' in research: qualitative (interpretivism) and quantitative (positivism). This notion is also explained by Crotty (1998, p. 15) who observes that the divide between positivism and interpretivism is often posited

as one between quantitative research and qualitative research. The former would use a deductive research approach, in which one will develop a theory and hypothesis and design a research strategy to test the hypothesis, and the latter will use an inductive research approach, in which one would collect data and develop theory as a result of the data analysis (Saunders *et al.,* 2007). Positivism constitutes a set of beliefs that portray reality as existing externally to the social actors concerned with its existence, and acceptable knowledge as being discernable only from observable data (Saunders *et al.* 2007). On the other hand, the writers describe interpretivism as constituting a set of beliefs that portray reality as being created by the perceptions and beliefs of social actors.

My own influence on the research therefore must be explained in the philosophical approach and assumptions I have made in this research. Some description on my 'frame of reference' might be helpful to begin with. I was born into a Sikh family, raised within a Muslim community, educated in a Christian missionary school and have worked for Korean, British and American multinationals. I am a free-thinker where religious belief is concerned and am tempted to consider myself as a self- proclaimed existentialist. In the deepest fibre of my being, I have always been curious to look at things differently, challenge the norms and believe in multiple truths. This 'style of thinking' resonates with the ontology of 'becoming', which emphasises a transient, ephemeral and emergent reality (Chia, 1995, p. 579).

Being influenced by my upbringing, I believe there is no objective truth waiting for us to be discovered. Truth, or meaning, comes into existence in and out of our engagement with the realities in our world (Crotty, 1998). The mind produces the 'meaning'. This 'production' of meaning is achieved through construction and not through discovery (Crotty, 1998), and there is a distinction between 'finding' and 'manufacturing' meaning (Silverman, 2007).

In qualitative research, the investigator serves as an "instrument" in the collection and analysis of data (McCraken, 1988). Miles (1979, p. 597) reiterates that this metaphor of the *'investigator as instrument'* emphasises that the investigator cannot fulfil research objectives without using a broad range of his or her own experience, imagination, and intellect in ways that are various and unpredictable.

The discussion of the philosophical assumptions and methodological framework of my research follows table 4.1, below. Ontology, epistemology and methodology will be discussed in this section, while methods will be elaborated in section 4.4 and section 4.5.

Ontology		Social constructivism and Social constructionism
Epistemology		Interpretivism
Methodology		Discourse analysis
Method (data gathering)		Semi- structured interviews
Method (data analysis)		Template Analysis

Table 4.1: Methodological framework of this research

While Crotty (1998) makes a distinction between constructivism and constructionism, the two terms are so difficult to distinguish and easy to confuse (Patton, 2002). My *dominant* ontological position in this research is *constructivism*: 'the meaning-making activity of the individual mind' (Crotty, 1998, p.58). I not only believe that reality is socially constructed and meanings are assigned through social interaction (Easterby-Smith, Thorpe and Lowe, 2002), but 'each one's way of making sense of the world is as valid and worthy of respect as any other' (Crotty, 1998, p.58). My aim is to ask strategic managers in Malaysian hotels about their views on the challenges of SHRM and they will have their own understanding and views that are constructed from their own personal experiences. Having said that, I also recognise the influence of culture and the 'collective generation and transmission of meaning' described as constructionism by Crotty (1998, p. 58), and the Malaysian context in this research does substantiate a *recessive* ontological position of *constructionism*.

Following on from my ontological positioning, I have taken an interpretivist approach to knowledge generation. This is generally described as '*idiographic',* which literally means describing the social world by offering a detailed account of specific social setting, processes or relationships (King and Horrocks, 2010, p.11), and which 'recognises the importance of the subjective human creation of meaning' (Crabtree and Miller, 1999, p.10). Saunders *et al.* (2007) recognise that the challenge for a researcher in an interpretivist approach is to adopt an empathetic stance, which is to enter the social world of the research participants and understand their world from their point of view. This empathic stance leads to a cooperative process of 'data collection' and some argue that this widely used phrase should be supplanted

by 'data construction' (Thomas, 2004) since the data are not independent items waiting to be 'picked up' but socially constructed accounts created through an interactive process.

As explained in Chapter One earlier, my close involvement in the subject of SHRM, as a former HR manager in a hotel and now as a lecturer teaching HRM, has had an influence on this research. Axiology refers to the values that we bring to our research approach and will influence various stages of the research process (Heron, 1996). The choice of our research topic, focus and approach are a reflection of our values and judgments. Though these values are personal to each researcher, through articulating our values we can give greater understanding to our research approach (Saunders et al., 2006). My research topic and approach is influenced by my personal and managerial values (axiology). Heron (1996) argues that our values are the guiding reason of all human actions. He further argues that researchers demonstrate axiological skill by being able to articulate their values as a basis for making judgments about what research they are conducting and how they go about doing it. Researchers are generally motivated by some form of personal interest in their topic (James and Vinnicombe, 2002). In this respect, I have been involved in the field of HRM during all my working life, as a practitioner and academic. The impetus for this exploration came from my professional and personal experiences.

As a former human resource manager in a five-star hotel, I noticed that in spite of the notion that strategic HRM contributes to business strategy and competitive advantage, the reality was different. This curiosity led to the exploration of this study. My personal and managerial values, in my upbringing (as explained earlier) as well as an HR manager, influence my initial interest in the research topic as well as my research approach. Through the discussion of the quality criteria of the study, which will be discussed later in section 4.7, and personal research reflections in section 7.6 of Chapter Seven, I have explained how my personal and managerial values did not "*threaten validity or trustworthiness*" (Rooney, 2005, p.6) of this research, and my acknowledgement of this has been valuable in strengthening the quality of this research.

Discourse analysis assumes individuals construct the world in order to make sense of it (Dick 2004, p.203). Potter and Wetherall (1987, p.6) agree that 'the only thing that commentators are agreed on in this area is that terminological confusions abound'. Discourse analysis is the general term for the study of talk and text in social settings (Potter and Wetherell, 1987), and is concerned with how individuals use language in specific social contexts (Dick, 2004).

Researchers using discourse analysis usually adopt a subjectivist ontology (Saunders *et al.,* 2007). However, if taken from a radical relativist methodological view, *critical* discourse analysis not only perceives language as reflecting the nature of individuals, but rather actively constructing it (Dick, 2004). From this viewpoint, researchers are interested in how individuals reproduce or challenge ideological systems of belief that exist in society at large (Dick, 2004, p.203). This is not the only viewpoint taken in this research. Rather, this research understands that we do not just report and describe with language; we also create with it. Language is not only content; it is also context and a way to re-contextualize content (Boje, 2004). Boje (2004) further adds that what an organisation is and everything that happens in and to it can be seen as a phenomenon in and of language. Boje (2004) explains that for management scholars, the primary focus should be on developing insights into the nature and complexity of organisations (through language), rather than insights into language (through organisations). The link between language and data 'construction' in this research is created with the use of semi-structured interviews that will allow the development of insights into the nature and complexity of organisations, through language.

Figure 4.1 revisits the conceptual framework (discussed earlier in Chapter Two) with an illustrative explanation of methodological considerations for this research. The philosophical assumptions and methodological approach explained in this section is followed by data gathering method through semi- structured interviews. The data were then analysed using template analysis method. The sampling strategy and data collection process are explained in section 4.4, while data analysis using template analysis is discussed in section 4.5 of this chapter.

Figure 4.1 – Conceptual framework with a focus on methodological choices

Legend:

⬅ Outcome

⟵⟶ Subcomponent

⬅ Application

Semi structured interviews

5 CEOs/General Managers
5 HR Directors/Managers
5 Line Managers
3 Industry Experts
(4-5 Star Hotels)

Template Analysis

What are the challenges faced by Malaysian hotels in formulating and implementing SHRM focusing on Recruitment and Selection, Training and Development?

Organisation Analysis

Industry Analysis

Societal Analysis

SHRM

Linking HR to business strategy

4.3 Research questions

It will be useful to revisit the general research question and the sub questions of this research. This is to maintain the focus of the research. The general research question is: ***What are the challenges faced by Malaysian hotels in formulating and implementing strategic human resource management (SHRM) focusing on Recruitment and Selection, and Training and Development?***

The sub-questions which are related to the above main question are:

1. How is SHRM integrated with business strategy?

2. What are the experiences of SHRM challenges, particularly in relation to recruitment and selection, and training and development, faced by CEOs/General Managers, HR managers and line managers within the Malaysian hospitality industry in formulating and implementing SHRM?

3. What are the organisational, industry and societal sources of SHRM formulation and implementation challenges, particularly in recruitment and selection, training and development, within the Malaysian hospitality industry?

With the above research questions in mind, the following sections on research design and data collection process are put into perspective.

4.4 Research design and data collection process

This section begins with a brief discussion on how I have conducted the secondary research in Chapter Three. It further explains the sampling strategy and justification of semi-structured interviews as my chosen research method. It also covers the development of the interview guide and administration of interviews.

4.4.1 Secondary data source

Apart from primary data that was gathered through semi-structured interviews, this research benefited from secondary data, namely government publications, journals and newspapers. Secondary data research was conducted for Chapter Three, in which the Malaysian context was discussed. The Malaysian Economic Transformation Plan (ETP) highlighted the direction of the tourism industry in Malaysia, and the human resource challenges affecting the industry. As a government publication, the ETP may contain data that is intended to give a political mileage to the government and it was necessary that measurement bias should be ascertained (Kervin, 1999) to ensure quality of the data. Deliberate distortion of data may be possible if data are collected for a particular cause of interest (Jacob, 1994), in this case the Malaysian economy plan. To avoid such measurement bias, it is recommended that there is a need to triangulate the data with other data sources, which is sometimes referred to as cross-check verification (Patzer, 1996). Therefore, the current research included secondary data from a number of independent sources that suggested similar SHRM challenges within Malaysian hospitality industry.

4.4.2 Sampling Strategy

'The research question(s), objectives and choice of research strategy may dictate non-probability sampling' (Saunders *et al.*, 2007, p.226), and of these the most commonly used sampling technique is purposive (Miles and Huberman 1994). There are different types of purposive or judgemental sampling techniques, and Patton (2002) outlined 16 different types, while stressing that the participants are selected according to predetermined criteria relevant to a particular research purpose. This research employs purposive sampling following Patton's (2002) notion of 'criterion sampling'. The logic of criterion sampling is to review and study all cases that meet some predetermined criterion of importance (Patton, 2002, p.238). A purely *ad hoc*, opportunistic sampling strategy is not appropriate in qualitative research, rather, as in this case, the sample should relate in some systematic manner to the phenomena that the study seeks to examine (Mason, 1996, May, 2002). This research aims (as highlighted in section 4.3 above) to explore the challenges faced by Malaysian hotels in formulating and implementing strategic HRM. The participants or respondents selected as the sample must be able to assist in achieving this aim within the ambit of the philosophical assumptions made in section 4.2 above. Patton (2002) further describes that the logic and power of purposeful sampling derive

from the emphasis on in-depth understanding. He explains that information- rich cases explore issues of central importance to the purpose of the research, thus the term purposive sampling.

There are about 2,300 hotels and resorts in Malaysia (Malaysian Tourism Board, 2011). However, narrowing down to 4-star and 5-star hotels, there are 135 and 87 respectively. The sample of this research consists of 4 and 5 star hotels. Schaffer (1986) classified hotels into transient hotels, resort hotels and motels. Crawford-Welch (1991) classified hotels into four segments: 1) budget, 2) mid-scale, 3) luxury, and 4) others. Murthy (1994) used a classification scheme of full-service, limited service, resort, all-suite and convention hotels. This research focuses on a classification scheme based on star ratings. In its official website, the Malaysian Association of Hotels (MAH) explains that star ratings for hotels are tantamount to a systematic and transparent method of gauging a hotel's quality (MAH, 2011). Hotels with star ratings of five and four were included in this study since most hotels that fall within these categories are either chain hotels or independently owned properties of large conglomerates. These hotels are expected to be familiar and have exposure to strategy formulation and implementation.

McCraken (1988) summarises that in the qualitative research, the issue is not one of generalisability but rather of access. In some cases, as described by King and Harrocks (2010), access may be problematic because it requires the approval of several 'gatekeepers' in a large and complex organisation, and may include political sensitivities. Though I did not face any such political predicament, I did approach the Malaysian Association of Hotels (MAH), which I regarded as a 'gatekeeper'. I obtained a recommendation letter from the association, supporting the cause of my study while encouraging its members, the hotels and resorts in Malaysia, to lend me their support. Although the MAH has no authority or control over any of its members, being an umbrella body of hotels in Malaysia, its acknowledgment of this research study reduced the scepticism and apprehension of the participating respondents. As the Head of the Hospitality School in INTI University Malaysia, I have existing relationships with various 3-5 star hotels as industry partners for the University's industrial training. This gives me access to these hotels. These respondents are both knowledgeable about the topic and willing to help with the research. Table 4.2 lists the hotels that participated in this research.

Hotel/resort	Rating	Location	Participants
Hotel A (Independent)	4 Star	Port Dickson (South Malaysia)	• CEO/GM
Hotel B (Chain)	4 Star	Port Dickson (South Malaysia)	• HR Professionals
Hotel C (Independent)	5 Star	Langkawi (North Malaysia)	• Line managers
Hotel D (Chain)	5 Star	Kuala Lumpur (Central Malaysia)	
Hotel E (Independent)	5 Star	Sabah (East Malaysia)	

Table 4.2:   List of hotels/resorts selected as sample for this research

McCraken (1988), in justifying the selection of research participants, states that the first principle is that 'less is more'. He continues that 'for many research projects eight respondents will be perfectly sufficient' (McCraken, 1988, p.17).   Though it might seem a simplistic or unsubstantiated way of deciding on sample size, McCraken (1988, p.17) justifies that 'qualitative research does not survey the terrain, it mines it'.   Besides, guidelines for determining non-probabilistic sample (purposive sampling) sizes are virtually nonexistent (Guest *et al.*, 2006). However there are some works that do provide guidelines for actual sample sizes, though differing in opinions. Bertaux (1981) argued that 15 is the smallest acceptable sample size in qualitative research, while Morse (1994) recommended at least six participants for phenomenological studies.   Creswell (1998) recommended between five and twenty-five interviews for a phenomenological study and Kuzel (1992) recommended six to eight interviews for a homogeneous sample. Therefore, the sample size of this research, 18 interviews, meets the various guidelines proposed by different authors.

It was ascertained that '*strategic managers*' (Hales, 2005) will be selected as sample for this research. Strategic managers are managers who function at a strategic (unit) hotel level, which includes general managers and first-line level managers, functioning at Head of Department and or supervisory level (McNeil, 2001; Hales, 2005). Another consideration is Bosewell's (2006) construct of 'employee line-of-sight'.   She explains that employees who are higher in an organisation structure and have better understanding of an organisation's strategic objectives, have greater line-of-sight. These employees have a better understanding on how to contribute

to those objectives. Based on these two predetermined criteria, 4-5 star hotels and strategic managers, the sample size was determined. People who satisfied these criteria are said to be in a *"primary selection"* category and hence *"good informants"* (Flick, 2009, p.123) and should be capable of offering insights into the research topic. Therefore, one CEO /general manager, one Human Resource leader and one line manager were selected from each of five hotels, giving a total of 15 participants. Three additional interviews were conducted to gain feedback on the study's topic from individuals with HR and/or hotel industry expertise, which include the Malaysian Association of Hotels, a property company that own ten hotels, and a Human Resource Consultant. In total there were 18 interviews conducted.

4.4.3 Research interview

"Interviewing is rather like a marriage: everybody knows what it is, an awful lot of people do it, and yet behind each closed door there is a world of secrets" (Oakley, 1981, p.41).

The interview remains the 'most frequently used method when gathering data in qualitative research' (King and Horrocks, 2010, p.6). Interviews are employed in various forms by 'every main theoretical and methodological approach within qualitative research' (King, 2004, p.11). The purpose of interviewing is to allow us to enter into another person's perspective. Qualitative interviewing begins with the assumption that the perspective of others is meaningful, and interviews allow us to gather their stories (Patton, 2002).

Kvale (1983, p.174) defines the purpose of a qualitative research interview as: 'to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena'. This is consistent with my research interests, exploring key stakeholders' experiences and understanding of the challenges in SHRM in Malaysian hotels. To strengthen this claim, McCraken (1988, p.9) further explains that interviews 'can take us into the imaginary world of the individual, to glimpse the categories by which he or she sees the world'. It can also take us into the life-world of the individual, to see the content and pattern of daily experiences (McCraken, 1988). Semi-structured interviews were conducted with a participant in all three categories of General Managers, Human Resource Professionals and Line Managers from each of the five hotels.

4.4.3.1 Semi-structured interview

Semi-structured interviews are non-standardised interviews, and are often referred to as qualitative research interviews (King, 2004). Flick (2009) refers to the technique as semi-standardised interview, while Patton (2002) simply calls it a combined interview approach (referring to the combination of a conversational style interview and standardised or structured interview). In these interviews, the researcher will have a list of themes and questions to be covered (Saunders *et al.,* 2007).

In keeping with my social constructivist ontology and interpretivist epistemology, and with the aim of allowing research participants freedom to report their own meaning making, the interview was framed in semi-structured format. It was structured in the sense that it focused on certain aspects of SHRM; and flexible in the sense that additional questions may be asked depending on the flow of the conversation (Saunders *et al.* 2007).

4.4.4 Interview guide design

Flexibility is a key requirement of qualitative interviewing (King and Horrocks, 2010). McCraken (1988, p.34) observes that 'genuinely qualitative questions are not so easily or mechanically identified'. My initial experience in developing the interview guide was challenging, given it was my first attempt at conducting qualitative interviews, and developing an interview guide for research purpose. I presumed the interviewees would have to follow a structured format of interview questioning and answering. Though this assumption remains an important construct, 'the objective of the qualitative interview is also to allow respondents to tell their own story in their own terms' (McCraken, 1988, p.34). The interview guide was quite 'mechanical' in the beginning when the pilot interviews were conducted. After reflecting on my initial experience, I improved in flexibility, both in form of questions and style of questioning.

As mentioned above, developing the interview guide was challenging and, initially, I drew on my own personal experience as a former HR Manager to identify topics (King and Horrocks, 2010, p.35) relating to the challenges in strategic human resource management. As a former HR Manager, I imagined being interviewed on this topic and what I feel would be relevant to the discussion. Although I had first-hand experience, I was cautious of the distance I had to

manufacture to avoid assumptions that can create a treacherous sense of familiarity (Chock, 1986; Greenhouse, 1985).

Secondly, I developed the interview guide to address the research questions which I had formulated based on an extensive review of the literature. I 'consulted' the literature of SHRM and subsequently the interview guide was developed to address the issues raised by the research questions. Table 4.3 illustrates how the interview guide is linked to research questions.

The guide as in Table 4.3 is an updated version after the pilot interviews. Although a minimalistic interview guide may fail to address important issues should the participant lead into lengthy digression from the research focus (Kind and Horrocks, 2010), during the pilot interviews, I realised that my initial guide was too comprehensive. This meant that I did not allow sufficient opportunity for the respondents to discuss issues they thought were important in relation to SHRM. I realised I had to encourage more participation of the respondents. For example, during the pilot interview, there was a question to the CEO that was phrased as 'Does HR have its own strategic plan?' The answer to this question was a straightforward 'yes' or 'no'. In the post- pilot interviews the question was rephrased as 'How does the company match strategy and HR strategy?' Another example is a question to a HR professional that was phrased as 'Is HRM a separate department or is it part of some other departments such as Finance or Administration?' This question was later rephrased as 'Briefly explain the structure of the company and how HR fits into it'. The guide was also intended to be flexible but I was mindful of being too flexible, fearing to steer the discussion to a non-related or non-relevant topic.

With exception to two pilot interviews, all interviews started with an opening biographical question. These opening, non-directive questions are named 'grand-tour' questions (Spradley, 1979, p.86-87). Although I did not initially include this "grand-tour" question I included it after the two pilot interviews as I realised its importance and usefulness in encouraging the respondents to talk and become engaged in the interview.

Research Questions	Initial Interview Guide		
	General Managers	**HR Managers**	**Departmental Managers**
How is SHRM is integrated with business strategy?	1. Briefly explain the company's business strategy. 2. How does the company distinguish itself in achievement of competitive advantage? 3. What is the involvement of the HR department in the formulation of business strategy? How is this done? 4. How does the company match strategy and HRM? 5. Could you explain how vertical and horizontal integration are ensured? 6. What HR related KPIs to you set? 7. How has HR been represented at the board level in the past? Please provide examples. 8. Is it important for HR to be involved? If so why?	1. Briefly explain the structure of the company and how HR fits into it. 2. Briefly explain the company's business strategy. 3. How does the company distinguish itself in achievement of competitive advantage? 4. What is the involvement of HR and other departments in the formulation of business strategy? How is this done? 5. Does the company match strategy and HRM? If yes, how? 6. How is HR involved in vertical and horizontal integration of strategy? 7. What HR related KPIs are set by the top management? Please give details of Recruitment and Training KPIs. 8. What are the problems you face in the integration of HR activities with the organisation's strategy?	1. Briefly explain the company's business strategy. 2. What is the involvement of HR and your department in the formulation of business strategy? How is this done? 3. What are the HR related KPIs that you are responsible for, focusing on Recruitment and Training? 4. How is HR measured against achieving business goals?
What are the experiences of SHRM challenges, particularly in relation to recruitment and selection, and training and development, faced by, CEOs/General Managers, HR managers and line managers within the Malaysian hospitality industry in formulating and implementing SHRM?	1. Has there been a situation when the company decided to change its direction and strategy (particularly in Recruitment and Training? What caused that to happen? How did the company respond strategically? 2. Has here been a situation when intended SHRM policies/practices were not realized? How did you face such a situation? What were the reasons? 3. How do you ensure that a partnership exists between HR and Line Managers? What challenges do you face here?	1. Has there been a situation when intended SHRM policies/practices were not realized? How did you face such a situation? What were the reasons? 2. How is a partnership between HR and Line Managers established?	1. Has there been a situation when intended SHRM policies/practices were not realized. How did you face such a situation? What were the reasons? 2. What is the kind of support you require from HR to achieve the above stated KPIs? Do you get it? 3. How would you regard the partnership between HR and Line Managers
What are the organisational, industry and societal sources of SHRM formulation and implementation challenges particularly in recruitment and selection, training and development, within the Malaysian hospitality industry?	1. How would you sum up the TWO main challenges in strategy formulation? 2. How would you sum up the TWO main challenges in strategy implementation? 3. From your experience how would you rate the competencies of HR in achieving business goals?	1. How would you sum up the TWO main challenges in strategy formulation? 2. How would you sum up the TWO main challenges in strategy implementation?	

Table 4.3   Interview guide and the link between the interview questions and research questions

4.4.5 Conducting the interviews

This section provides details about the conduct of the interviews as highlighted in Table 4.4. I sent an initial email to all respondents, followed by a phone call, after one week or so, if no reply was received through email. The email introduced me and my research topic, expected participants' time commitment and benefits of participating in this research.

For the purpose of anonymity and easy reference, the interviews with hotels were referenced from Hotel A1 to Hotel E3, indicating the first hotel as A, second, third, fourth and fifth as B, C, D and E accordingly. The numerical prefix indicates the first, second and third interview in each hotel. In total 15 interviews were held with hotel-based respondents. Triangulation is a strategy for improving the quality of qualitative research by extending the approach to the issue under study (Flick, 2009). As highlighted in section 4.4.1 three industry experts were also interviewed (interviews IE1-IE3), to cross check the consistency of data derived by comparing their perspectives.

The first three interviews in Hotel A formed the pilot, as being a former member of staff, access was relatively easy and I was familiar with the hotel and two of the interviewees. This did help in terms of dealing with the anxiety and pressure I felt at that time, as these were the first for this research project, coupled with my lack of familiarity with using this method. The interview with the Managing Director was the longest of all three pilot interviews (lasting for about 40 minutes). However, the interviews with the remaining two respondents were not as detailed and elaborative. The Human Resource Manager was new to this company (three months) and the Department Manager was quite informal in the interview, given my prior relationship as a peer. Soliciting information in these two interviews was challenging. Besides, as acknowledged earlier, the interview guide was quite closed and leading, which is also a possible contributing factor. However, the interview guide was modified accordingly as explained in section 4.4.3 earlier.

The organisation of the remaining interviews did not flow smoothly. Most interviews were rescheduled due to the unavailability and busy schedule of respondents, especially the general managers. Some hotels that had initially agreed to participate in the research pulled out just days before the interview due to 'unforeseen circumstances.'

Interview number	Reference number	Date	Position
1	Hotel A1	19/4/10	Managing Director
2	Hotel A2	26/4/10	Human Resource Manager
3	Hotel A3	26/4/10	Director of Operations
4	Hotel B1	31/8/10	General Manager
5	Hotel B2	31/8/10	Human Resource Manager
6	Hotel B3	30/8/10	Food & Beverage Manager
7	Hotel C1	1/12/10	Resort Manager
8	Hotel C2	1/12/10	Human Resource Manager
9	Hotel C3	1/12/10	Food & Beverage Manager
10	Hotel D1	15/12/10	General Manager
11	Hotel D2	15/12/10	Human Resource Director
12	Hotel D3	15/12/10	Food and Beverage Manager
13	Industry Expert IE1	19/8/10	CEO
14	Industry Expert IE2	10/11/10	Group HR Director
15	Industry Expert IE3	16/11/10	Human Resource Consultant
16	Hotel E1	17/03/11	General Manager
17	Hotel E2	17/03/11	Human Resource Director
18	Hotel E3	17/03/11	Executive Assistant Manager

Table 4.4   Chronology of interviews

Most interviews lasted for an average of 45 minutes. Some exceeded one hour and a few lasted for about 30 minutes. In my introductory email to the participants I had indicated that the interview will take approximately 45 minutes. I am not sure if participants had psychologically timed themselves for this period of time, as there were instances when some participants kept glancing at their watch after 45 minutes. I am not sure if I should have omitted the 45 minutes

time frame expectation in the introductory email, but I considered that most respondents would agree to an interview taking into consideration a 'reasonable' time commitment. Some interviews were rather short and the responses were quite simple and direct, especially interview with Hotel D3.

In terms of physical environment, all interviews were conducted in the respective hotels or resorts. The exact locations included coffee house, empty restaurants, lobby, poolside and mostly, in offices. All locations were decided by the respondents and I agreed with their choice to ensure physical and psychological comfort. However I didn't think I could reasonably stipulate ground rules for the interviews, for example committing an uninterrupted time with me, and there were instances when a General Manager's or Managing Director's mobile phone rang in the middle of the interview which affected the flow of the interview. All interviews were conducted one-to-one. I felt the presence of another party would lead to indirect intimidation or lack of participation by the respondent. For example, the General Manager of Hotel C, had suggested a group interview involving all three respondents. I explained the above rationale to conduct one-on-one interviews and eventually the interviews were conducted individually.

As I had initially planned to use discourse analysis as a method of data analysis, I decided on verbatim transcription from the beginning. Good transcription is dependent on good recording. I used an analog tape recorder for the first three interviews during the pilot stage. I later invested in a digital recorder that led to excellent recording quality, and allowed for audio files to be downloaded to my computer. I transcribed every interview which, although time-consuming, can be seen as the first step in the analysis itself (King and Horrocks, 2010), as it inevitably helped me to become closely familiar with the data (Langdridge, 2004). Those methodologies that are focused strongly on how language is used generally require a much more detailed level of transcription than the basic kind, with notation used to indicate length of pauses, overlapping speakers, voice intonation, and so on (King and Horrocks, 2010). However, as a result of my participation in a one-week research methodology programme for doctoral students in September 2010, I considered discourse analysis as a methodology rather than analysis method. This decision however did not change my approach towards verbatim transcription.

4.5   Data analysis using template analysis

This section explains the data analysis process, using template analysis, after the interviews were transcribed. The term 'template analysis' does not describe a single, clearly delineated method; it refers rather to a varied but related groups of techniques for thematically organising and analysing textual data (King, 2004).

Template analysis is a 'branch' or one of the many versions of thematic analysis used in qualitative research (King and Horrocks, 2010). The 'template' style of analysis was described by Crabtree and Miller (1992), and the approach has been further developed by King (1998, 2004b). Though there is surprisingly little discussion in the methodological literature of what is meant by the concept 'theme' (King and Horrocks, 2010), they went on further to suggest some guidelines to go about it:

1. It involves the researcher in making choices about what to include, what to discard and how to interpret participants' words;
2. The term 'theme' implies some degree of repetition – an issue raised just once (however powerful) should not be called a theme, although it may still play a part in the analysis;
3. Themes must be distinct from each other, although some degree of overlap is unavoidable.

Similar to thematic analysis, template analysis too is an exercise of relating preliminary coding relevant to the data or text to higher order themes. However, the 'heart' of the approach as described by King and Horrocks (2010, p.166), is 'the construction of a coding structure – the template – that is applied to the data and revised as necessary until it captures as full a picture of the analyst's understanding as possible'.

I was drawn to using this technique of analysis as I found it flexible and user friendly 'permitting researchers to tailor it to match their own requirements (King, 2004, p.257)'. Template analysis allowed me to interpret participants' responses to the interview questions by structuring and coding the data from an analysis of common themes within and across the data. After conducting three pilot interviews, I constructed an initial template comprising 18 codes. At this stage, as it was my first experience in using any form of thematic analysis, and with minimum data at hand, I did not organise the coding into levels of hierarchy, which is the heart of this

method. Table 4.5 shows the initial template that was developed after the first three pilot interviews. The 18 codes are shown in a random order, rather than hierarchical order. However, the codes are linked to the key themes of the literature review and subsequently linked to the research questions.

At the pilot interview analysis stage, I had been more inclined towards *thematic* rather than template analysis. This was partly because the distinction or rather the similarity between the two was not clear to me at that point. I had constructed descriptive codes from reading through the transcripts, planning, at a later stage, to focus on my interpretation of their meaning, drawing upon the guidelines offered by Langdridge (2004) and Braun and Clarke (2006). From further detailed reading about template analysis, I appreciated that template analysis does not systematically differentiate between 'descriptive' and 'interpretative' coding (King and Horrocks, 2010). Furthermore, in template analysis, the researcher may define some themes in advance of the analysis process – referred to as *a priori* themes. These may relate to important theoretical concepts or perspectives that have informed the design and aims of the study (King and Horrocks, 2010).

Moving forward, I followed King and Horrock's (2010, p.166) advice that 'it is normal to construct an initial template on the basis of a sub-template of the data set (e.g. six out of 20 interviews), and then apply that to code subsequent transcripts'. After conducting the 18 interviews, I revisited the initial 'thematic' template and modified it by incorporating hierarchical coding levels.

Research Questions	Key Themes in Literature Review	Initial themes
How is SHRM integrated with business strategy?	• Vertical vs. Horizontal fit (Miles & Snow, 1984; Baird & Meshoulam 1988; Wei, 2006 • Best practice vs. Best fit (Pfeffer, 1994; Huselid, 1995; Boxall & Purcell, 2011 • HR as a strategic partner (Ulrich, 1998; Lengnick Hall) & Lengnick Hall,	• HR Director's position at Corporate Level • Internal promotion • Staff turnover • Qualification of HR Managers • HR Manager's involvement in strategic meetings/discussions • HRM vs. SHRM
What are the experiences of SHRM challenges, particularly in relation to recruitment and selection, and training and development, faced by, CEOs/General Managers, HR managers and line managers within the Malaysian hospitality industry in formulating and implementing SHRM?	• Line manager and HR partnership (Ulrich, 1998; Watson *et al.* 2006) • Linking SHRM to Recruitment and Selection • Linking SHRM to Training and Development • McGunnigle & Jameson (2005); Raghuram (1994); Kelliher & Johnson (1987, 1997)	• Empowering HR Managers • Organisational structure – matrix reporting • Turnover of HR Managers • Lack of cooperation from Heads of Department • Training & Development • Recruitment & Selection
What are the organisational, industry and societal sources of SHRM formulation and implementation challenges particularly in recruitment and selection, training and development, within the Malaysian hospitality industry?	• Labour scarcity (Boxall & Purcell, 2011). • Differing perceptions of SHRM (Bartram, Stanton, Leggat, Casimir & Fraser, 2007) • Political support (Winterton, 2006; Batt, 2004)	• Training & Development • Recruitment & Selection • HR seen as a profit oriented department • Controlling labour cost • Foreign workers • Resistance to change • Perceptions of department managers that top management is only interested in profits • Generation Y. Are they suitable for this industry?

Table 4.5   Initial template after pilot interviews

Figure 4.2 shows the template extract from the 18 interviews. This template went through several revisions before the final template was constructed. The pre-defined codes or *a priori* themes (1-5) emerged from the literature review and outline the generic strategic management process (McGee, Thomas and Wilson, 2005; Mello, 2006; Pearce and Robinson, 2007; Dess, Lumpkin and Eisner, 2007). This process, together with the current debates surrounding SHRM, was used as a guide in framing the research questions as well as the line of questioning in the interviews. In my judgment, these *a priori* themes were the most appropriate higher order themes to start the initial template, given the consensus amongst various authors in strategic management and strategic human resource management.

There are five *a priori* themes. King and Horrocks (2010) recommend researchers do not identify too many *a priori* themes as this may lead to a blinkered approach to analysis. Though the logic is to arrange the themes in accordance with the steps in strategic process, it was not my intention to hold any theme superior to another or to differentiate systematically between descriptive and interpretative coding. The organisation of the hierarchy of the themes (for instance, 1, 1.1, 1.2) is on the basis of scope, with lower level themes representing distinct manifestations in the participants' interview transcripts of the concept identified by the higher level theme. It is also worth noting that this does not mean that template analysis rejects any distinction between descriptive and interpretation; rather it treats them as more like the poles of a dimension than a dichotomy (King and Horrocks, 2010).

The main focus of the research is on challenges faced by hotels in Malaysia in formulating and implementing strategic human resource management. Hence, as I read and re-read the transcripts, the themes in Figure 4.2 underwent 'insertion' and 'deletion' before the final template was constructed, which will be discussed in the next chapter.

Saturation is the gold standard by which purposive samples sizes are determined (Guest *et al.* 2006). Morse (1995) observed that while saturation is the key to excellent qualitative work, unfortunately there are no published guidelines for estimating the sample size. Glaser and Strauss (1967, p.65) first defined 'theoretical saturation' as the point at which 'no additional data are being found'. However, theoretical saturation refers specifically to the development of theory for research adopting a grounded theory approach (Patton, 2002). For this research, 'saturation' is the point in data collection and analysis when new information produces little or no change (Guest *et al.* 2006) to the codes in the template.

1. Mission & goals

    1.1 Linking HR systems to business strategy and goals (general)

    1.2 'HR' as part of mission statement

2. Environmental analysis

    2.1 Competitors analysis

    2.2 Political issues pertaining to HR

    2.3 Social issues pertaining to HR

3. Strategic formulation

    3.1 Challenges in Recruitment and Selection

    3.1.1   Linking recruitment and selection strategy with business strategy

    3.1.2   Hiring effective HR Managers

    3.1.3   Turnover of managerial staff

    3.1.4   HR's position in corporate level (Executive Committee)

    3.2 Challenges in Training and Development

    3.2.1   Linking training and development with business strategy

    3.2.2   Strategic training and development

    3.2.3   Management development

4. Strategy implementation

    4.1 Challenges in Recruitment and Selection

    4.1.1   Turnover of staff

    4.1.2   Controlling labour costs (staffing)

    4.1.3   Matrix reporting

    4.1.4   Foreign workers

    4.1.5   Lack of co-operation from department heads

    4.2 Challenges in Training and Development

    4.2.1   Training mindset

    4.2.2   HR seen as profit oriented department

    4.2.3   Training evaluation

    4.2.4   Resistance to change

    4.2.5   Lack of co-operation from department heads

5. Strategy evaluation

    5.1 Review of plans every three years

Figure 4.2   Template extract after 18 interviews on Strategic Human Resource Management in Malaysian Hotels: Challenges in formulation and implementation.

While reading transcripts in Hotel D, I began to notice that some themes or codes, for example Executive Committee (EXCO) involvement, turnover, labour cost, were repeated from analysis of earlier interviews and this suggested a possibility of data reaching a stage of saturation (Guest *et al.* 2006).   More interviews may not necessarily be a justification for 'representativeness' of the study and that is not the direction this research is taking.

Data management and coding can be made easier by the use of computer software packages such as NVivo. Bazeley (2007) lists four major criticisms in computer assisted packages:

1. There is a misperception that software operates a grounded theory approach, or creates its own approach to analysis;
2. Code and retrieve procedures dominate and stifle other analytic techniques;
3. Using software mechanises qualitative analysis, making it more aligned with positivist ways of researching;
4. The use of software inserts another layer between the researcher and the data, and hence distances the researcher from the data.
   (Adapted from Bazeley, 2007,p.8).

Though the above criticisms do not undermine the credibility of computer software packages in data management, Ezzy (2002) recommends that the decision in considering whether to use a software package should be made in advance, which I did not do for this research. I attended several NVivo training sessions and by the time I could truly appreciate the benefits of the software I had already started the analysis manually. Believing that manual analysis brings a researcher much closer to his/her subject and thereby provides much richer data, I therefore decided to continue using the manual approach. Several ethical issues rose in the process of designing interviews and data gathering, as discussed in the next section.

4.6 Ethical considerations

To begin this section, it is worthwhile to ponder on the quote by Edwards and Mauthner (2002: p.16) that captures how ethics and morality are intertwined:

> *"Ethics concern the morality of human conduct. In relation to social research, it refers to the moral deliberation, choice and accountability on the part of researchers throughout the research process."*

To ensure overall integrity, quality and trustworthiness, this research followed the guidelines and procedures of Northumbria University's Ethics in Research and Consultancy Policy. As part of the University Ethics Policy, doctoral students need to seek ethics approval, via the Newcastle Business School committee, before they undertake any primary research. This involved identifying and minimising any ethical issues, and producing an organisation informed consent form and an informed consent form for participants. The School Research Ethics committee approved the above forms and the research project was 'ethically fit' to roll out.

There were two ethical issues in particular that were highlighted before the primary research began:

i) the data provided by the participants may be of a sensitive nature by virtue of the fact it is pertaining to company strategy and competitive advantage. Therefore the raw data must not get into the public domain;

ii) a further potential ethical issue, particularly given the scepticism in the literature about the credibility of the HR function in relation to strategy, could lead to damage to the image or reputation of the hotel(s).

To address the above concerns, the following remedial steps were taken:

i) all data were stored securely, either electronically in computer or in hard copy version in a locked drawer;

ii) there will be a balanced and fair reporting of the challenges faced by the respective parties being interviewed, as well as the masking of individual and associated-organisational identities. Anonymity and masking of organisation names in the research report was offered to all hotels. Most respondents 'checked' this option of anonymity on the form and hence none of the respondents' identity will be revealed in this report. Research participant details are anonymised, through using code or pseudonym on the transcripts and in the research report.

In securing informed consent from all participants, full disclosure of the reasons for the study was made in advance. Participation was voluntary and the participants were told that they may terminate the interview at any point. Participants were also informed on the time commitment, anonymity and confidentiality of the interviews. Nevertheless there was a challenge, initially, in tape-recording the interviews. Some of the participants were not comfortable with this method.

They preferred not to be on record and feared that their personal opinions and comments could cause them 'harm'. To address this challenge, I briefed participants on the process of transcription and their right to view the transcripts after the interview. This reduced the uncertainty and scepticism among the participants and encouraged participation.

To summarise the above ethical consideration the following actions were taken to ensure the overall ethical considerations in this research:

- *Informed consent*: All participants were made fully aware of the purpose and nature of the research and were also asked to indicate their willingness to participate by signing an informed consent letter.

- *Participation*: It was explained to all participants that they were under no pressure to participate and could request to stop the interview and leave at any point.

- *Confidentiality and Anonymity*: While it is recognised that the findings of this research will be a matter of public record, no names and identity of respondents will be publicly available. Besides, all hotels had opted for anonymity and masking of organisation name.

- *Ownership and transparency of data*: All participants were given a copy of the interview transcript, via email, to verify and approve its contents. They were also provided with the interview guide before the commencement of the interview to highlight if there are any questions that they do not wish to respond to.

As King and Horrocks (2010) put it, *'we have ethical responsibilities not only to those who participate, but also to those for whom the knowledge is produced',* which includes the wider academic community. This leads to a consideration of research quality criteria, which is discussed in the next section.

4.7 Quality criteria

This section clarifies and justifies the quality criteria of the research. Flick (2010), posed two interesting questions:

i) Should qualitative research be assessed with the same criteria and concepts as quantitative research?

ii) Can research be "valid" and "reliable" without being subject to the traditional ways of assessing **validity** and **reliability**?

Such questions have dominated the discussions about the value of qualitative research as a specific approach in empirical research (Flick, 2010). Concerns with the validity and reliability of the research findings are most commonly posed questions to qualitative researchers (Merriam, 1995).

Lincoln and Guba (1986) suggest trustworthiness, credibility, dependability, transferability, and confirmability as criteria for questions of validity and reliability. They suggested credibility represents internal validity; transferability represents external validity; dependability represents reliability and confirmability represents objectivity. In total, they viewed the above four criteria as addressing 'trustworthiness' of a qualitative research, which they term as 'rigor' (Lincoln and Guba, 1986, pp. 76-77). The strategies that can be adopted for ensuring validity and reliability in this research include triangulation, member checks, peer/colleague feedback, a statement of researcher's experience, audit trail, thick description, multi-site designs, and sampling (Merriam, 1995).

Triangulation is used as a strategy for improving the quality of qualitative research by extending the approach to the issue under study (Flick, 2010). The logic of triangulation is on the basis that that no single method is sufficient to adequately explain something as each method reveals different aspects of empirical reality (Patton, 2002). In explaining *triangulation of qualitative data sources*, Patton (2002, p.559) clarifies that triangulation helps in cross-checking the consistency of data derived by 'comparing the perspectives of people from different points of view'. I conducted three non-hotel based interviews. The three participants respectively held the following characteristics between them: policy maker, top management of a property company that owns various hotels, and an ex-hotelier who held various HR positions. Though there was not a 'purpose-built' interview guide for these respondents, I based questions on the *a priori* codes that had emerged from the literature review as well from the then on-going interviews. The decision to seek the opinions of these respondents was made on the basis of their extensive involvement with the research topic on the one hand, and their 'independence' as direct research respondents, on the other.

To further explain the validity and reliability characteristics of this research, two strategies were adopted, namely "peer debriefing" and "member checks" (Linclon and Guba, 1985). "Peer-debriefing" involves regular meetings with other people who are not directly involved in the research. This is to identify one's own blind spots. On a few occasions, I presented the 'work in progress' chapters and reports of this research to my fellow doctoral colleagues in Newcastle Business School and in INTI International University, Malaysia, where I have a full-time teaching position. I received valuable and constructive feedback in relation to my research design. Another excellent platform for peer-debriefing was the Turkey Summer School in 2010, a joint effort between Newcastle Business School, Northumbria University and Oxford Brooks University.

'Member checks', on the other hand, is a process of *'communicative validation'* of data and interpretations with members of the fields under study (Lincoln and Guba, 1985). I emailed transcribed interviews to all respondents for two reasons. First, it allowed them to 'validate' and 'approve' the conversion of verbal discussion to written transcription that took place after the interviews. Secondly, it was to thank them for their support and contribution to my research. All respondents acknowledged they received my email but most just replied in a broad sense *"I am ok with it"*. However, the process of member check has its limitation, as the exchange of readings and reactions between the participants and the researcher could continue almost indefinitely (Banister *el al.,* 1994); Mercer, 2006; Silverman, 2006).

Patton (2002) argues that the credibility of the researcher, which is dependent on, among things, training and experience, is another measurement of quality in qualitative research. He further states that the researcher is the 'instrument' in qualitative inquiry and therefore what experience and training the researcher brings to the field is important. Besides working as an HR Manager in a hotel, I have also held similar positions in two other multinational companies. I have reasonable experience and exposure to the subject of SHRM. Besides, I have been lecturing on HRM in a private university in Malaysia for some years. However, as a novice researcher, I must admit that the learning curve was steep. I have attended various training programmes and seminars, especially on research methodology, in the past three years, ever since I embarked on this research.

This research has been transparent from its inception. This claim is substantiated with the methodological discussions that provides an audit trail for the whole research process.

According to Kirk and Miller (1986) the quality of recording and documenting data becomes a central basis for assessing their reliability and that of succeeding interpretations. All interviews were tape-recorded, using a high quality device, and documentation of data in the form of verbatim transcription enhanced the transparency.

This thesis has provided thick description with almost one 100 pages of analysis and discussion chapters, highlighting 16 themes to describe the phenomenon under study, so that different categories of readers will be able to relate how closely their situations match the research situations (Merriam, 1995). Multiple-site designs or the use of several sites (Glaser and Strauss, 1967) – five different hotels in different geographical areas in Malaysia – allowed the results to be applied to a greater range of other similar situations (Merriam, 1995). Besides, the sampling within the hotels – drawing on the experiences of CEO, HR professionals and line managers – will allow the findings of this research to be 'transferred' to a larger group within the unit of study (Merriam, 1995).

4.8 Summary

The chapter began with a justification of the philosophical assumptions made in this research. The research design and data collection process were explained through the discussions on sampling strategy, interview guide design and conduct of the interviews. Data analysis, using template analysis, was also explained. A discussion on ethics followed and the chapter ended with a consideration of research quality through discussion on validity, reliability and the process of triangulation.

This chapter has encapsulated the general thought process, decisions making, and points of view from the perspective of methodology and methods. This methodology chapter is a 'bridge' between what was intended in the research and what happened ultimately. It enables the 'marriage' between current theory and desired practical outcomes.

Chapter Five
Findings and analysis

5.1 Introduction

The purpose of this chapter is to provide a picture of strategic human resource challenges in Malaysian hotels as experienced by General Managers, Human Resources Professionals and Line Managers within the Malaysian hotel industry. The challenges of strategy formulation and implementation will be explored through the analysis of the 18 interview transcripts. This chapter begins with a brief reminder of the template development process. This is followed by the presentation of the final template. A detailed discussion of thematic analysis on challenges in strategic formulation is then presented, followed by a discussion on the findings on strategic implementation challenges.

This chapter addresses the following research objective:

- To offer, through empirical evidence, illustrations of the strategic formulation and implementation challenges faced within the Malaysian Hotel Industry.

5.2 Template development

An initial template extracted from 18 interviews was illustrated in Figure 4.1 in the Chapter Four. The pre-defined codes emerged from the key themes from the literature review. The *a priori* themes reflect a strategic management process (McGee, Thomas and Wilson, 2005; Pearce and Robinson, 2007; Dess, Lumpkin and Eisner, 2007). This process was used as a guide in framing the research questions as well as the interview guide.

There were five *a priori* themes and a total of twenty six sub-themes in the initial template. However, upon completion of all 18 interviews and after reading all the transcripts numerous times, the initial template went through some changes. The final template as shown in Figure 5.1 consists of two main themes and sixteen sub themes, keeping in mind King and Horrock's (2010) advice on not having too many themes to avoid a blinkered approach to analysis. The order of themes in the initial template is in accordance to a step- by- step strategic management process. The final template, however, shows two main themes, namely, challenges in strategic

formulation, and challenges in strategic implementation. *A priori* themes 1, 2 and 3 from the initial template were incorporated into the 'challenges in strategic formulation' theme, while *a priori* themes 4 and 5 from the initial template were incorporated into the 'challenges of strategic implementation' theme. This merging of themes into two main headings allowed for some sub-themes that were repeated under separate *a priori themes* in the initial template, to merge in the final template, for example, themes like turnover, and the lack of cooperation by department managers. 'Matrix reporting', which was a theme that emerged from the pilot interviews and shown in the initial template, is removed from the final template as the research did not gather sufficient data from the subsequent interviews to support this as a SHRM challenge in Malaysian hotels.

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Thematic analysis for challenges in strategic formulation

1. Intended versus realised strategies
2. Strategy Integration
3. Absence of clearly defined HR- related KPIs (Key Performance Indicators)
4. Perceptions of SHRM between top management, line managers and HR managers
5. Recruiting effective HR managers
6. HR's position and acceptance of HR as a strategic, corporate- level partner position in corporate level & acceptance of HR as a strategic partner
7. Leadership and support from top management

Thematic analysis for challenges in strategic implementation

1. Partnership between HR and line managers
2. HR's involvement in operations: being seen as a profit oriented department
3. Challenges in strategic recruitment and selection
   - Staff turnover
   - Labour scarcity
   - English language challenge
   - Education policy
   - Policies on labour
   - Changing attitudes towards work
4. Challenges in strategic training and development

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Figure 5.1   Final template on Strategic Human Resource Management in Malaysian Hotels: Challenges in formulation and implementation.

The main focus of the research is on challenges faced by hotels in Malaysia while formulating and implementing strategic human resource management. The findings are analysed according to the themes that emerged from the data in two main headings. King (2004b) proposes that there are three broad approaches to presenting an account of interpretation of the data using template analysis as shown in Figure 5.2.

Approaches to Presentation	Advantage	Disadvantage
1. A set of individual case-studies, followed by a discussion of differences and similarities between cases.	This gives the reader a good grasp of the perspectives of individual participants, and can help to ensure that the discussion of themes does not become too abstracted from their accounts of their experiences.	Where there are a relatively large number of participants, this format can be confusing for the reader, and it does rely on there being sufficient space to provide an adequate description of each case.
2. An account structured around the main themes identified, drawing illustrative examples from each transcript (or other text) as required.	This tends to be the approach which most readily produces a clear and succinct thematic discussion.	The danger is of drifting towards generalizations, and losing sight of the individual experiences from which the themes are drawn.
3. A thematic presentation of the findings, using different individual case-study to illustrate each of the main themes.	This can be a useful synthesis of the above two approaches.	The key problem is how to select the cases in a way which fairly represents the themes in the data as a whole.

Figure 5.2   Common approaches to presenting interpretation of data using template analysis. (Source: King, 2004[b])

Since some themes had been identified in advance as highlighted in Chapter Four, King's (2004b) first approach was not appropriate. I then explored the idea of using his third approach due to its resource efficiencies, but found great difficulty in justifying the selection of cases. I finally opted to use his second approach as it readily gave a clear and complete picture of the data. I avoided the possibility of 'generalising' by being cautious in using words and terms which would have taken me in that direction, such as 'most hotels', 'many respondents' etc.

The notation system for relating specific data extracts to the participants is explained in Table 5.1.

	CEO/General Manager	HR Professional	Line Manager
Hotel A	A1	A2	A3
Hotel B	B1	B2	B3
Hotel C	C1	C2	C3
Hotel D	D1	D2	D3
Hotel E	E1	E2	E3
Industry	**Policy maker**	**Property Company**	**HR Consultant**
Experts	IE1	IE2	IE3

Table 5.1   Notation system for relating specific extracts to the research participants

5.3 Thematic analysis for challenges in strategic formulation

This section presents the detailed findings for the seven themes that are related to challenges in strategic formulation in the following areas:

1. Intended versus realised strategies
2. Strategy Integration
3. Absence of clearly defined HR- related KPIs
4. Perceptions of SHRM between top management and line managers and HR managers
5. Recruiting effective HR managers
6. HR's position and acceptance of HR as a strategic, corporate- level partner
7. Leadership and support from top management

5.3.1 Intended versus realised strategies

The *a priori* template did not include the theme on intended versus realised strategy. However, the challenges that emerged in various themes were directly or indirectly related to the notion of intended versus realised strategy. Therefore, this theme is presented as a separate theme in this section.

This research found that General Managers within Malaysian hotels do recognise strategy as emergent and the business environment as evolving and unpredictable. They are prepared for goals to change in a dynamic business environment. However, most HR professionals viewed strategy, whether intended or realised, simply as 'making more money' for the organisation, especially in terms of saving labour cost. Line managers too felt more could be done in encouraging a better two-way communication in understanding the business strategy.

The process of strategic planning begins with the setting of a vision and mission or goals and objectives. *"We have our mission and vision. So our vision is in 2015 we will be the top three"* (C2). Some hotels illustrated the process of identifying the vision and mission while some did not have a formal process in doing so. One participant explained "*We put our management team together to formulate our mission and vision"* (IE3). And this is normally done outside the workplace premises to allow for undisturbed deep thinking and planning. "*We went for our management retreat in Penang. So all the senior managers and managers sit together and think where we want to take our organisation to. So we come out with our nice vision"* (IE3). Apart from the vision and mission, they also work on the intended strategy for the hotel, *"At the same time we also come out with our strategy. So, Human Resource basically drives this yearly event"* (IE3).

Generally, strategies are cascaded top to bottom in all hotels, *"It is done through effective communication via EXCOM meetings and monthly meetings. We have proper structures in place with defined roles and accountabilities"* (B1). While some hotels do cascade the goals and strategy from top to bottom, this may not be the case for all, "*It should be a two-way communication. That's not done yet. We only get instructions."* (B3). Most hotels start with an annual planning process which happens at different time of a year and may involve different level of managers, "*We got an…annual business plan process and planning which happens every year in September by the time in November we approve all the annual business plans and*

our fiscal year begin 1 of April every year. And from November to April we monitor the demand and supply of the market" (A1)*.*

Employees may be taken through the company's vision and mission, but it need not necessarily mean that the company is headed towards that direction. *"So as far as the organisation's vision is concerned, we do say (reading from a handbook) "to be a premier hotel owner and manager of hotels". So that's what we say in our publications and to our employees…you know but in the long term that's not what we are looking at"* (IE2)*.* This came as a surprise, but the participant was being honest and frank. The participant went on giving another example and justification for this. *"One example is 'Hotel X'. This hotel is sitting on a prime piece of land. Now, just beside [Hotel X], you know the Y Road, it's a shitty crappy road but there is a development. Units there are going for a million plus, per apartment. And they don't have proper frontage. [Hotel X] has a better location. In terms of plot ratio, you have a potential to build tall buildings. So in [Hotel X], whatever the 'value' of the hotel is, it's not fully utilized yet. If, for example, we pull down [Hotel X], build some towers, keep a hotel component, you will be able to generate a gross development value of much, much higher. So how you tell the current Hotel X GM that our long-term plan is to shut you down and redevelop. This is not going to motivate the guy"* (IE2)[1]*.*

Through the process of cascading, the intention of strategy changes and the form and substance is different in the stage of strategy realisation. *"The business environment is unpredictable and uncertain. Most intended strategic practices do not necessarily bear fruit"* (D1). The goals, direction and strategies set by senior management may change during the implementation process. *"He (the CEO) sets goals for us, but be prepared the goals will change along the way.   It is a dynamic environment and it changes"* (IE3). Strategy is not an outcome but a process, by virtue of the dynamic and flexible strategic process.   Besides, as one respondent mentioned, the process is not a formal one too. *"In terms of formal process…it doesn't happen in a formal method but so called the hindsight, when we first took over the place, obviously the new Group CEO, new environment, we needed to set certain platform. The initial mindset of people here at first, they felt threatened. So the first phase of HR strategy, though not very formal, was to build teamwork. We had this tagline, 'One team one direction'.*

[1]This piece of information was very confidential in nature, especially at the time of the interview. The interviewer and interviewee didn't realise the financial worth of the 'revelation' of this classified information. Two weeks after the interview, the newspapers reported that the property company has sold the above mentioned hotel and plans to construct commercial accommodation.

The second phase was when we formulated the vision, mission, core values etc. We did engage outside consultant to formalise the process. From there we kind of decipher HR initiatives. We developed as we go along" (IE3).

Some hotels claim to have two strategies, one that is 'communicated' and the other that is 'actually implemented'. *"The business strategy currently for the hotel division, there is one that we formally communicate…and one which is the practical implementation"* (IE2). Hotels cannot be upfront and honest with employees about its intentions and future business plans, for these might be misunderstood or misconstrued by employees. *"Actually there is a difference…in my discussion with my CEO, he told me why he cannot so called tell the truth"* (IE2). Hotels, just like any other business entity, need to make money. They will have to look at their business portfolio from time to time and evaluate how to maximise profits and owners' return. *"As an organisation we feel that ah hotel does not generate that much of owners return. Just purely maintaining as a hotel, that doesn't make sense from a real estate point of view, in Malaysia. So, this is the direction we are heading in the long term"* (IE2). Therefore telling the truth to all employees on the direction of the company is risky. *"But we can't go and tell our hotel division employees that "eh listen guys…in long term we don't see any growth in you all…ah…we want to shut you down…and redevelop and do this and that…Because they are currently in the operations and we need them to maximize our returns"* (IE2).

Learning from past incidents is also highlighted in the strategic planning process, *"We have seen in the last five years it is so critical for us to have one big strategic plan from the top coming down. We need to have it. If we don't do this we are going to have problem"* (A2). Operations managers like Front Office, and Food and Beverages managers get involved in the process too. They prepare periodic reports and follow up on short- term plans in achieving the business goals. *"Twice a year…then monthly meeting will be for the follow-up on certain costs and all…related to the guidelines"* (B3)*… but we also have to submit our plans every six months* (C3).

Business growth is a key expectation by owners of hotels and top management. *"The owners want business growth, performance growth... any successful hotel chain the first priority is performance growth…you cannot go backwards performance growth is what you say is given"* (A1). However, depending on the business portfolio of the company, some property owners are not very inclined towards expanding the hotel business, *"Right now beach front condominiums*

are going for a million ringgits. So what the owners had in mind is, if the money I spend in renovation and the return I get back from the hotel does not make business sense from a real estate point of view…" (IE2). As noted, it is a fair expectation that owners and investors want to get the best return on their investments. "*The strategy that we currently adopt is to maintain the property, maximize cash flow, but long term agenda is different"* (IE2). Most hotels within this study were owned by property developers. These developers then hire international hotel brands to manage the property. The strategic formulation, especially that of human resource strategy comes from the managing hotel and not from the developers. *"Majority of the owners are strictly property companies that have no hotel operations experience, and they let the international chain to do what they think is best"* (IE2).

However, some property companies have many years of experience in dealing with international chains. There seems to be a possibility of a tussle on deciding who should stipulate human resource policies. *"You see, the difference between us and other property developers is a property developer can develop a nice fantastic thing etc. but he has not managed a management agreement, not worked with an international company. That requires some skills".* One respondent had considerable experience of dealing with international brands. The level of involvement in strategic HR planning was prevalent. "*We have obviously for years managed international chains, so we deal with all these people. So, obviously we want to leverage on all that knowledge. How do you manage an international chain so that they don't take you for a ride, and to make sure your property generates sufficient returns?"* (IE2). However, not all international brands managing properties in Malaysia accept interference of owners in HR-related matters. Some hotels do maintain sufficient control over the HR policies and practices. "*Let's say 'Hotel X', their HR strategy is not influenced by the owners at all. The only time we get involved from a corporate point of view is when it involves collective agreements – CA – (with trade unions) as it involves compensation and benefits issues. But in terms of development, training and strategic initiatives, it's very much driven by the management company"* (IE2).

There is also a difference in the outlook of strategy between chain and independent hotels. Chain hotels seem to have more corporate strength and demonstrate confidence in planning and investing. Independent hotels, mostly family owned, appear more conservative and careful. "*But we are a stand-alone property and they are a chain affiliation. So their market business comes from a chain affiliation, anywhere in the world, and ours…we need to be out in the same*

playing field but we have to put a lot more effort because someone will ask…"Who are we?" as compared to Shangri-La. Whether you have a better product, better facility and so on, you have to fight the brand name" (E1). This makes it challenging for independent hotels to compete with chain hotels. *"We need to be in markets that are safe. We cannot go into markets where we are not known. Safe markets are where we have built our business base"* (E1). Though independent and chain hotels are regarded as five-star depending on their product offerings and certification by the Tourism Ministry, we can appreciate the challenges independent hotels have in not being able to match the corporate strength of chain hotels, hence not leading to a level playing ground. They, however, face the competition with a positive attitude, *"But what we have done…what I have preached and told my associates…my team members, my colleagues is that we don't have to benchmark ourselves with the big boys. Benchmark ourselves with ourselves. So we can be different and be the best"* (D1).

The decisions on business growth are also in line with the country's economic condition. *"The economic growth of the country too will have a direct impact on our business"* (A1). As Asia has been through recession cycles in the last three decades, hotels have become resilient in their interaction with the business environment. *"One of our strong points... of our company is that we take a downturn as an opportunity for us. When there is a downturn, we believe there is an opportunity. If you say there is a downturn and there is no business then you die with the downturn"* (A1). Some hotels prefer a 'wait and see' approach in strategic planning process. *"We don't intend to rock the boat. We need to wait and see before taking any drastic actions"* (B1). There also seems to be a frank admission of the absence of business strategy, especially from the corporate level, *"I must say that our group has got no business strategy ah…ok…I will be bullshitting to you if I said we have. We are very independent…all of us are very independent"* (D1). Nevertheless, this is not to be seen as a weakness as such, because the 'independence' allows some flexibility and creativity in formulating strategy. *"Because we are allowed to be independent, so we embark ourselves, empower ourselves to go a little extra mile…you know…which is creating…not using your words of HR strategic format…but using my terminology…'we walk the talk"* (D1). And this inadvertently puts the General Manager in the driving seat of strategic planning, *"Well, it all depends on the GM. No direction whatsoever, all up to the GM"* (D3). General Managers are given the responsibility to develop a business level strategy from the corporate strategy, *"We have a corporate HR strategy…related to training and development and succession plan. Ok, that is their requirement. My requirement is more than that"* (D1).

Environmental planning is a key step in the strategic planning process. Hotels look at the bigger picture first, before formulating strategy. It is interesting to note that before competing with one another, hotels may get together in a particular destination and compete as one. "*So if you are bidding for business, you got to attract first the person to your destination. If they do not want to come to Malaysia, then don't even bother. It is not in their thought process*" (E1). It makes good business sense to work together and gather a critical mass before 'sharing the pie'. "*It's a piece of pie that we are fighting for*" (E3). Working together first and then competing is a win-win formula for all, "*Once you have that established, then the hotels will compete amongst themselves as to who attracts the bigger share of the business*" (E1). The contribution of airlines is also acknowledged in attracting people into a destination, "*You can have the world's biggest hotel and if there is no airline going there, you can forget it*" (E1).

Product differentiation strategy and unique selling points will follow after a critical mass is attracted to the destination. "*So once they are interested to come to Malaysia, then you have to differentiate which hotel in Malaysia they want to come into. So as much as the hotel is so fantastic, and if the guest has no inclination to come to Malaysia, it fails*" (E1). Hotels will then boast their uniqueness and speciality to attract guests. "*In Langkawi, if you compare, [our Hotel] offers a product that others don't. It is a structure of colonial type, so it is not like a resort which is scattered*" (C2). There is also an acknowledgement that all hotels have something different to offer, at least in the form of product, "*Every property in Langkawi is unique in its architectural design and everything. We too wanted to make sure that we bring out something that is unique in Langkawi*" (C3). On the contrary, some feel that products and service cannot differ much in hotels regardless what star classification they belong to, "*I still feel you cannot differ much. I tell you what, I serve coffee in a tray…coffee, water, cookies and a towel. [Another five-star hotel] does the same and it charges three times more. How much does the service differ? Nothing much*" (D1).

However, product differentiation is not a winning formula by itself. Most hotels have standard facilities and amenities, "*To be frank there isn't any outstanding feature when compared to other hotels and resorts within this vicinity. We have a spa, so does [our nearest competitor]. We have outdoor beach activities and many others do. Yes, our soon- to- be- opened golf course will be a distinct feature*" (B1). While some do strive to stand out, product differentiation can also be misleading, as described by one respondent: "*You see, product differentiation can be different by ONE room. You say you have 500 rooms and I say I have 501 rooms. I am bigger*

than you. There is no end to it" (D1). Therefore service quality is also equally emphasised. As the same respondent put it, *"You should start purely by the fact that they are fellow human beings serving fellow human beings. So, what is the problem in giving good service?"* (D1). Another respondent echoed the same point by stressing that quality service is a competitive advantage, *"We are very strong with our belief that even though our products are a little old and tired, but we will make it up by the people. That's the competitive edge we have."* The importance of human resource is conveyed in this and the following statement. *"Because a product is a product, a room is a room, a restaurant is a restaurant. As far as I am concerned it is the service level…the human touch" (*E3).

The demand for hotels and rooms in a particular location is another factor of consideration in strategic business planning. *"The business planning is as such that in Langkawi right now, you are short of rooms. So there is a demand"* (C1). This may not be true for other destinations in Malaysia. Though generally the tourists' arrival in Malaysia is growing by the year, this doesn't automatically call for more hotels to be built. *"In Malaysia we are just allowing more and more hotels to come up without realizing if we need them. With the current rate of average 40% occupancy, do we need more hotels? It is nice to have…but could this hotel survive?"* (E3). Not all tourists arriving in Malaysia actually stay in hotels and resorts. They might come in millions, as indicated by the Tourism Ministry, but the market requirements are changing. *"You have to understand…you might have the figure…but nowadays those regulars don't stay in hotels. Let's say I am from UK, and I come here twice every year. And if each time I come and stay here for 2-3 months, I might just buy a flat or condo and the hotel doesn't get the business. So all tourists do not stay in hotels. There is a lot of smart travelling now. People these days have friends all over the place. I can bunk in with anyone"* (E3).

The need for government intervention is mentioned as a moderating factor in this matter. Though government policies on labour and education will be discussed as a separate theme later, it is appropriate to highlight the involvement of government in assisting hotel companies in business planning and expansions, *"There has to be a certain control. The government has the responsibility to ensure that the operator will survive. Not just giving them the permit and license. You open up a big hotel and after 2-3 years it is a white elephant"* (E3). Some hotel operators are very enthusiastic and positive about the business outlook. With the positive projection of tourists' arrivals and prospect of hotel business by relevant authorities, one would believe this is a lucrative business. These statistics and reports could be misleading, *"I might*

have the money to build a hotel and run it for six months…but after that you are leaving me to die" (E3).

The findings on environmental analysis revealed that hotels in Malaysia face various challenges in strategy formulation, as summarised in Table 5.2. Another challenge linked to strategy formulation is integrating business strategy with HR. This challenge is discussed in the next theme.

SHRM Challenge	Illustrative Extracts
Intended versus realised strategies	1. *"The business environment is unpredictable and uncertain. Most intended strategic practices do not necessarily bear fruit"* (D1). 2. *"He (the CEO) sets goals for us, but be prepared the goals will change along the way. It is a dynamic environment and it changes"* (IE3). 3. *"The business strategy currently for the hotel division, there is one that we formally communicate…and one which is the practical implementation"* (IE2). 4. "*It should be a two-way communication. That's not done yet. We only get instructions."* (B3).

Table 5.2   Summary of illustrative extracts for 'Intended versus realised strategies' theme

5.3.2 Strategy Integration

Hotels reported on different ways of striving for strategy integration. However General Managers, HR professionals and line managers generally agreed that Malaysian hotels adopt the configurational model of fit or integration between business strategy and HR strategy. All three categories of managers referred to strategy integration from a general perspective rather than an academic definition.

Although most of the participants did not appreciate the academic distinction between best fit and best practices schools of thought, the findings revealed that hotels adopted the

configurational approach to strategy. *"We have learnt from the second and third downturn and we devise KPIs during the downturn and in the same time match the KPIs with the outside industry. To see how…we benchmark ourselves against the key players in the industry"* (A1). Benchmarking seemed to be the tool used in identifying best practices. One participant, while explaining that the hotel formulates its own HR policies, also acknowledged that adopting best practices is common. *"Ours, we formulate ourselves. But we also 'copy cat' best practices. If I know the big boys are in that playing field, I too play there"* (E1). The same participant elaborated *"You cannot run away from best practices. If the big boys have done it so well, cut and copy and paste. You will have your own unique identity but you don't have to reinvent the wheel"* (E1).

Some best practices are shared through the monthly meetings of HR managers organised by the Malaysian Association of Hotels. *"We meet and discuss and share our problems and solutions"* (C2). However, some may not reveal all information pertaining to best practices, *"Let's be honest about it...we will not share everything. Some things are secret"* (D2). There was also a notion that some best practices are rather outdated, *"Most of the practices are in the handbook, and our handbooks are not updated often"* (B3). This comment was rather puzzling. It is quite unusual for best practices to be embedded into handbooks, except for some very common and basic ones, for example, employee benefits.

Surprisingly, there was no explicit indication of best fit approach being adopted by hotels. I use the word explicit because in many instances it was implied that best fit approach is being considered. *"You cannot go by the book all the time...you have to watch the changes in the industry"* (A1). Learning from past experiences and adjusting to the current needs of business is indeed a best fit decision. *"We cannot be having classroom training all the time for managers, they need practical training too. Everyone is too caught up with classroom training. My experience tells me that we must get out of that practice"* (C1). Policies and strategies are dependent on the ability to execute them. In most cases, the ability is monetarily enhanced. If hotels do not have enough business, some strategies cannot be executed no matter how much best practices may support its conception, *"I think if there was enough business then things will be ok. If every hotel is at the profitable margin, then we can survive and the owners can pump in more money for training and employee benefits"* (E3).

The responses from the interviews pertaining to vertical and horizontal fit were less encouraging, as some participants were not sure about it, and overall the analysis of the participants' experiences indicated that the two 'fits' were not particularly prevalent. Most hotels did acknowledge the importance of vertical fit or integration but lacked information or knowledge about horizontal fit. "*In all organisations HR must be aligned to the company's strategy for the company to be successful*" (A1). One participant did highlight horizontal fit between various departments rather than a horizontal fit within the activities in the HR department. *"The GM, me, the director of F&B (Food and Beverage), the director of sales and the director of rooms, we meet like in a month…three meetings. We talk about quality service…where we can improve...how we overlap with each other"* (D2).

Table 5.3, below, summarises the challenges of strategy integration.

SHRM Challenge	Illustrative Extracts
Strategy Integration	1. "*You cannot run away from best practices. If the big boys have done it so well, cut and copy and paste. You will have your own unique identity but you don't have to reinvent the wheel*" (E1). 2. "*I believe in all organisations HR must be aligned to the company's strategy for the company to be successful*" (A1). 3. "*The GM, me, the director of F&B, the director of sales and the director of rooms, we meet like in a month…three meetings. We talk about quality service…where we can improve...how we overlap with each other*" (D2). 4. "*Ours, we formulate ourselves. But we also 'copy cat'. Best practices. If I know the big boys are in that playing field, I too play there*" (E1).

Table 5.3   Summary of illustrative extracts for 'Strategy integration' theme

5.3.3 Absence of clearly defined HR- related KPIs

Strategic contributions of HR are measured effectively when there is a mechanism to gauge the contributions of HR towards business strategy and overall success of the organisation.

In a gist, most General Managers agreed on the importance of having a measurement of HR contributions, but at the same time admitted currently not having them clearly defined. HR professionals and line managers, on the other hand, feel that while they are not accountable for a written measurement, it always revolves around staffing and labour cost.

As such, the findings showed that, in most instances, there seems to be a lack of clearly defined HR related key performance indicators (KPIs), key results areas (KRAs) or metrics. *"Frankly we don't have such metrics in place for now. We have to work towards that once we understand the situation here better. But we do monitor the trend on a monthly basis"* (B1). The monitoring of trend on a monthly basis suggests that the hotel is inclined towards the best fit strategy, but that would not exempt it from not having clearly defined targets for HR. Some use survey forms to solicit feedback on HR's effectiveness, *"We have set up a system…what we will do…we will send the survey forms to the HODs and ask them if they are happy with HR"* (C2). One respondent stated that, although there were no current KPIs, these were planned, *"Now, no. But I was told that maybe in June when the CEO settles down he is going to implement KPIs"* (E2). Busy operations schedules was cited as a reason why KPIs 'fade away', *"We have started it this year…like I said it was there…a lot of things were there but along the way…due to operations needs and so on…it slowly faded away"* (E3). One respondent claimed there was no evidence of KPIs when taking up his/her position, *"Not only KPIs, I couldn't even find any Standard Operating Procedures (SOP) when I took over"* (C3). In this case, KPIs documents are controlled by HR rather than top management. One respondent commented that KPIs are dependent on the general managers. When a general manager leaves, the KPIs 'leave'. W*hen the former GM was here, we had KPIs. When he left, the idea of KPIs died"* (E2). Where KPIs do exist, they tend to concern staff turnover and training, and are based on general practices within the industry, *"So KPIs are more influential on best practices. You are supposed to benchmark yourself and come up with five best practices which you need to implement in say six months time. So you got to network, find out what other people are doing, benchmark and introduce programmes like that"* (E2).

Having KPIs documented is another challenge. Some respondents explained that HR KPIs are verbally communicated but not documented, *"There is none on paper, but we find it challenging to attract people, good people"* (B2). Another commented that KPIs are documented but without specific indicators. *"Talking about retention and turnover, it has to be minimum…in the KRA is it only written minimum…there is no percentage on turnover and all…it is not clear"* (B3). Another

respondent, managing a fleet of hotels, admitted that while there have been KPIs in place they were not explicit and clear, *"So last year was the first time we set KPIs targets for the GMs to show productivity improvement"* (IE2)*,* which points out that without clarity at business level, it makes clarity and specificity difficult at HR level.

As highlighted earlier, these KPIs need not be present in writing, but most managers are aware of the 'obvious' (C1) KPIs necessary within the industry, regardless if these KPIs are strategic is nature or otherwise, *"The obvious one is related to the turnover, prevention of a union, at least for the first two years, those kinds of KPIs. Training…ah…recruiting as well. Those are the main KPIs. And obviously, healthy work environment in the workplace"* (C1)*.* These seem to be key result areas (KRA), and there are no clear KPIs for each KRA. Top management may not want to focus too much on HR KPIs. They are more interested in overall business goals, *"You see the normal KPIs for HR is the training hours, turnover and everything. For me I will look into KPIs from a very different perspective. KPI is…give me your business results. I can only achieve my business result if everything else in this hotel is on par"* (E1)*.*

Staff turnover is one of the main KPIs, as the findings revealed. "*KPI like turnover percentage is important because we are directly responsible if any staff resigns. Mostly staff are leaving not because of HR. It could be 100% because of operational issue"* (C3)*.* It is interesting to note that the respondent here is not an HR manager and the turnover KPI is taken as a devolved responsibility. Department managers seem to be taking 'ownership' of HR- related KPIs and one seemed frustrated by the way the KPI is measured, *"Training is one (KPI). But I am not talking about paper work. I am interested in quality. Here they like to train, but train what?"* (C3). Another respondent voiced similar discontentment with a training related KPI, *"Just monitor training hours and records. At times the training is not even carried out."* (E2)*.* Quality service too is related to HR effectiveness. Guests' satisfaction surveys and feedback from guests are tied to the quality of human capital, "*Another KPI is the Guests' Satisfaction Scores. Customers give us score ratings, every day. My score rating is supposed to be 9/10 but now it stands at 8/10. So I look at my HR Director and ask why am I at 8/10? It is not because my hotel is ugly…but because my staff cannot serve well. And what are you doing about it?"* (E1). Hotels that are managed by international brands seem to have clearer KPIs, *"The internationally managed hotels are far more systematic in their approach because they have KPIs for their GMs, the four KPIs are Staff, Guests, Market Share and Profit. HR has a direct role in staff and guests' satisfaction."* (IE2)

Labour cost control is another common KPI. "*Basically we have to minimize the labour cost. I have to control overtime. Overall, they just don't want unnecessary trouble. Then we have the labour cost which is under control*" (B2). The management sees labour cost as one important indicator towards maintaining profitability. HR is expected to understand this and contribute accordingly, "*The other KPI is profitability. It's not only important for the company to make money, but also to be profitable. So I look at HR and see how can I save on labour cost?*" (E1). Profitability, while being the main objective for businesses, is measured using various methods and indicators. It is not appropriate to inform HR that 'profit' is the main KPI and all should strive to achieve it. There has to be some mechanism in place. One respondent put it boldly, "*As far as KPIs are concerned, for the internationally managed hotels, our KPIs are very simple…owner's return. Purely financial. There might be criticism on this…but what we feel is… if we go and set KPIs in other areas…right…there could be other operational issues…which from a relationship point of view we do not want to get involved*" (IE2). Recruitment and selection is another KPI highlighted, "*We need to ensure there is quality hiring. HR needs to monitor this*" (A2). Additionally, overall staff satisfaction is a further yardstick of effective HR policies, "*But now we are interested in staff satisfaction survey*" (C2).

The use of more sophisticated tools to measure HR's contribution does not seem to be a feature in hotels in Malaysia. It is not that they have not tried these tools, "*We also did the Balance Scorecard. Last year I think. Each department head is measured. Associate's opinion survey. We did it two years back and I am going to do it again*" (D2). But there is a notion that these tools are unnecessarily sophisticated, "*And we were talking about balance scorecards, and he (the CEO) was saying that he has seen organisations which are so hung up with this systems that the system kind of runs the HR. He (the CEO) was not convinced that the effort that we put in will generate the value. So we adopted a simplistic performance management system*" (IE2). Another finding related to the use of sophisticated measuring tools was whether middle- level employees and front liners actually contribute strategically. The same respondent explained that the CEO of the company didn't believe so, "*He (CEO) felt that as long as they are competent in their jobs, they can do their job i.e. closing the accounts on time without errors…is already a fantastic contribution. But he could not see a high contribution of an Accounts Clerk in terms of organisational output. He says that most of the factors are decided by a handful of senior managers*" (IE2).

Most respondents understood that HR- related KPIs should be related to the company's business strategy (Greer, 1995; Purcell, 1989; Guest, 1987). *"You can achieve your KPIs as an HR Director, but if the hotel doesn't achieve its business results, your KPIs don't mean anything to me. It is the survival of the business, NOT the survival of a department"* (E1). Another General Manager commented, *"I then ask my HR manager, how do I generate more income though your department?"* (C1). One General Manager put it very succinctly, *"So there is only ONE KPI. That is my KPI. What I have to tell my boss. And everybody else ties back what I have to tell my boss"* (E1). Strategy formulation starts with looking at the wider organisational goals, *"As I said, we must look at organisation issues first, then HR issues. HR is the partner to the organisation…what can we do?"* (IE3). And the KPIs must not be seen just as mere figures in reports. They should tell a story of how HR is linked to the overall business strategy, *"As you know it's not just figures…I don't want to talk about figures. We are a business partner of the organisation. When we set the KPIs we don't only set the KPIs for Human Resources…No…We are looking at the whole organisation"* (A1).

The challenges on the absence of clearly defined KPIs are summarised in Table 5.4.

SHRM Challenge	Illustrative Extracts
Absence of clearly defined HR- related KPIs	1. "*Frankly we don't have such metrics in place for now*" (B1).
	2. "*Not only KPIs, I couldn't even find any Standard Operating Procedures (SOP) when I took over*" (C3).
	3. *"When the former GM was here, we had KPIs. When he left, the idea of KPIs died"* (E2).
	4. *"There is none on paper, but we find it challenging to attract people, good people"* (B2).

Table 5.4   Summary of illustrative extracts for 'Absence of clearly defined HR- related KPIs' theme

5.3.4 Perceptions of SHRM between CEO/General Managers, HR professionals and Line managers

This is the only theme in which the findings are presented based on the experiences and perceptions of the three main groups of interviewees, namely the General Managers/Managing Directors, the Human Resource Professionals and lastly the Line Managers. The rationale behind this is first to see how the perceptions of SHRM differ within each group and then to see how it differs between groups. The findings showed that while some respondents could appreciate the importance and relevance of SHRM, others saw it from a very narrow perspective.

5.3.4.1 CEOs/General Managers

Strategic Human Resource Management (SHRM) seems to have a long way to go in Malaysia before it can achieve its potential. "*I believe, Malaysia, in strategic HR, you have a long way to go*" (C1). Some even find it uneasy to talk about where SHRM currently is, *"It's sensitive you know, very sensitive if I bring it up. We are far behind"* (IE1).

To indicate how far Malaysia is lacking, comparisons were made with developed nations. *"SHRM in America is totally different. They are a level that is considered very strategic in the day-to-day running of the resort"* (C1). However, the basis of comparisons as being strategic may not be that valid. "*So much so they will tell you what kinds of questions you have to ask to the candidates. You cannot ask them personal questions. You cannot discriminate*" (C1). Being advised about acceptable interview questions to ensure equal opportunity in employment, while being important elements of HRM, would not usually be regarded as the yardsticks of SHRM.

One General Manager opined that SHRM is long standing but not widely practised, *"Strategic HRM has been there for a long time…but nobody has practiced it. Because a lot of people treat HR as a very mediocre…they are there to solve problems"* (D1). SHRM is viewed by one participant as a remedial activity, *"We find what our setbacks are and the HR Director champions that. So for me Strategic HR is this"* (B1). In a similar vein, *s*trategic HRM is seen to add value, something which should be a common understanding for all HR Managers, *"It is common sense. HR Managers should know why they are here. Why they are hired in the first*

place. Call it strategic or not, to me it is simple common sense. You are here to add value. But sadly common sense is not common these days" (E1). Contrastingly, SHRM is regarded as being hands-on. *"We say our strategy in HR will be…very much on the ground…very much affiliated with training…train on the spot…on the ground"* (D1).

Another finding on the perception of SHRM was the feasibility of strategy being understood and cascaded down to front-line employees who may not be interested the meaning of 'strategy'. *"Look at the bulk of the hotel staff…they are rank and file, about 90% of them. Managers need to translate this strategy to them in simple words. But then you have 60% of the rank and file staff who are foreign workers (unskilled). They work here for two years and then leave. They don't have a sense of belonging. Why should they understand strategy?"* (A1). However, that notion, while being a valid concern doesn't exempt the importance of strategy formulation and communication, which is a vital part of implementation. SHRM is inevitable and shall be crucial in hotel operations, as vouched by one General Manager, *"I believe the future…everything starts from HR. In the old days, you hire and then you leave in the hands of the department heads to make the guy good or bad. But the future cannot be like this. That's why to me everything in this hotel starts from them. To me that is SHRM"* (D1).

5.3.4.2 Human Resource Professionals

Strategy is viewed in a simplistic way by some HR professionals, *"Strategy is very simple…make more money for the company"* (B2). This view was shared regardless of the ownership of hotel, as a chain or an independent, *"You know, business needs to make money. Old or new management it's the same…we just follow instructions"* (E2). *"I have worked in many different hotels, and I saw one thing, that management only wants to ensure profits. And to achieve that we need a strategy. How can HR assist? That to me is SHRM"* (D2).

The concept of strategy is understood as having a feasible action plan, *"As an HR manager I am expected to share my views on the feasibility of the proposed strategies and understand the management's plans too"* (A2). As well as taking into account the management's perspective, SHRM's function is to ensure good employer-employee relations, *"I think… the most important role for HR is being a partner for employee and employer relations.* (A2). In other words, strategy is also seen as an act of 'balancing' between management and employees, *"But HR is supposed to play their role. Whereby they must tell what is happening. What is the company's*

vision and mission? They need to balance between the entire management team and employees" (C2).

5.3.4.3 Line Managers

Line Managers too viewed strategy and SHRM from a 'straightforward' perspective, although some were unsure of, or questioned the difference between HRM and SHRM. *"The word SHRM is quite new I think frankly we normally call it HRM"* (A3). *"We usually hear the MD speak in meetings about HR strategy. I don't know, maybe it's the same thing…like they say you know…old wine in new bottle. I think it's similar to what we did since those days…HR is about managing people effectively"* (B3).

Strategic HRM is also viewed as 'everyone's business' and not exclusively HR's responsibility. *"We all (department managers) are responsible for SHRM. As I said, this industry is about HR, about people. SHRM is part of every department's strategy. It is in fact the most important part of the company's strategy"* (E3). Effective SHRM initiatives will lead to better business opportunities, *"We put it this way…in terms of this industry, what is our main objective? To meet the guests expectations, or even beyond that. When we meet the guests' expectations, will they be happy? If yes, will they come back? They will talk about it, they will recommend it. So, who provides the happiness to them? It's the people. So if we do not invest in these people, then how will we make the guests happy? I quote the GM saying that 'if we cannot take care of our people, then how are they to take care of our guests?"* (IE2).

Another participant agreed that SHRM was about making the company better, improving the level of service, *"SHRM is how the hotel can focus on staff and make the service better. And all department members must support this"* (C3). This opinion was however not shared by one participant who felt SHRM is a 'gimmick'. *"To me SHRM is a 'gimmick'. They say all kinds of things and do something else. They are not serious. HR is not well organized"* (D3).

The differences and, in some cases similarities of perceptions of SHRM between CEOs, HR professionals and Line managers, are summarised in Table 5.5.

SHRM Challenge	Illustrative Extracts
Perceptions of SHRM between CEOs/General Managers, HR Professionals and line managers	**CEOs/General Managers** 1. "*I believe, Malaysia, in strategic HR, you have a long way to go*" (C1). 2. "*Strategic HRM has been there for a long time…but nobody has practiced it. Because a lot of people treat HR as a very mediocre…they are there to solve problems*" (D1). 3. "*It is common sense. HR Managers should know why they are here. Why they are hired in the first place. Call it strategic or not, to me it is simple common sense. You are here to add value. But sadly common sense is not common these days*" (E1). **Human Resource Professionals** 1. "*Strategy is very simple…make more money for the company*" (B2). 2. "*You know, business needs to make money. Old or new management it's the same…we just follow instructions*" (E2). 3. "*I have worked in many different hotels, and I saw one thing, that management only wants to ensure profits. And to achieve that we need a strategy. How can HR assist? That to me is SHRM*" (D2). **Line Managers** 1. "*We usually hear the MD speak in meetings about HR strategy. I don't know, maybe it's the same thing…like they say you know…old wine in new bottle. I think it's similar to what we did since those days…HR is about managing people effectively*" (B3). 2. "*SHRM is how the hotel can focus on staff and make the service better. And all department members must support this*" (C3). 3. "*To me SHRM is a 'gimmick'. They say all kinds of things and do something else. They are not serious. HR is not well organised*" (D3).

Table 5.5   Summary of illustrative extracts for 'Perceptions of SHRM between CEOs, HR Professionals and Line managers' theme

5.3.5 Recruiting effective HR Managers

Most HR professionals were not particularly concerned about this SHRM challenge within Malaysian hotels. This is because they were not self-critical and evaluative of their roles, when responding to this challenge. However, the General Managers and line managers were quite vocal in sharing their thoughts and experiences on the importance of recruiting effective HR managers, and in some instances they highlighted the necessary competencies for HR managers.

The quality of HR managers was deemed to be of paramount interest, as the findings showed. "*I think the biggest challenge is hiring the right people who are competent to understand strategy. Most managers need to be educated in this*" (A1). And the competency is not only limited to comprehending strategy but understanding the service industry, "*HR must have qualified staff. They must know the service industry*" (B1). The familiarity with the service industry, particularly the hospitality sector, is needed for HR personnel to be effective trainers, "*Trainers must be qualified in hospitality management*" (B2). Hand-on experience is desirable, "*the HR manager must have hands-on hotel operating experience. You can't get a book worm to sit there and then do not know what is happening*" (A2). General Managers, concerned with hiring HR managers from within the industry, may limit the recruitment and selection pool. One participant considers the mindset needs to change, "*Got to do with the mindset. I know a good HR manager…I recommend to hotels…First question they ask…no hotel experience?...I said, why do you need hotel experience?…tell me…your Financial Controller, do they have hotel experience…they have to start somewhere…Doesn't mean they have to…I said this is the problem with the GM…you all cannot change the mindset*" (IE1).

Besides, HR managers are also required to be effective in recruitment exercises and dealing with labour relations, "*I really wanted to make sure that I hired someone not only for his qualifications, someone who is able to handle all these recruitment and also able to take measures and steps like to prevent from having a union*" (C1). One participant, from his past experience, felt the HR manager should be skilled in organisational politics, "*then I realised …that just knowing your HR and strategic HR is not enough…you have another thing which is organisational politics which you must also manage in that process. Failing to manage that process resulted in me losing my job*" (IE2).

Tertiary education is expected too. "*The HR manager must have the tertiary education. It is a must*" (A1). Some HR managers, however, do not possess tertiary education and that may contribute to a lack of strategic thinking, "*If you don't have that (tertiary education) you will not know what you are talking about...because everything is so strategic in HR* (A1). However, in contradiction, one participant suggested that qualification within the hospitality industry is not a prerequisite for managers, be it HR or the general manager, "*I mean, it is an industry you don't need qualifications you know…GM's (General Managers) are from Bellboys moving up…"*(IE2). The availability of effective HR managers is another challenge "*I generally have the feeling that good HR managers are short in supply*" (B1). Although good HR managers may be available, the hospitality industry might no longer be their choice, "*Seasoned HR practitioners, I think they are still around. But of course if you specifically want to talk about hospitality industry, majority of seasoned HR who know their jobs well, they don't stay in the hospitality industry. They move. They move to other corporate world*" (IE3). This leads to issues of turnover of HR managers. "*We have quite a number of them coming and going actually*" (A3). Most experienced HR managers demand higher remuneration and hotels cannot afford it and hence quality is compromised, "*Let me rephrase it, he was not the best pick…there were some others that we could not afford*" (C1). As one of the participants put it, "*I think…at the end of the day…let's be honest about it…it's money*" (IE3). Further discussion on turnover of managerial staff as a challenge in strategic formulation is discussed as a separate theme later.

The quality of HR managers is crucial in ensuring strategic formulation and implementation, as it would be expected in any industry. Malaysian hotels have voiced this concern too, "*It's not where we want it to be*" (C1). One general manager felt that HR managers are not performing as they are expected to, "*They are just not qualified to do so*" (A1). Most HR managers are still very much guided by the old school of personnel management rather than the strategic HRM ideology, "*They don't understand Human Resources Management. No difference. That's the reason why we did away with personnel management that was more of an employment office. HR manager talks about development and lot of them do not*" (IE1). The traditional aspect of personnel duties, while still relevant, is not the most important focus of HRM today. HR should no longer be seen as 'old fashion', as one participant commented, "*The only thing is not to be the 'old fashion' HR. Hiring and firing is about 10-15%. There is more to that HR can do. 90% should be creating value and innovation. Creating the right culture, motivating people…become a coach, a strategic partner*" (IE3).

Because of this lack of understanding of strategic HRM and business acumen, HR managers may be unable to participate effectively in management meetings and contribute towards strategic discussion, "*In one of the hotels we were brainstorming amongst managers and the HR guy didn't open his mouth or contribute a single idea*" (IE2).

Recruiting good HR managers is therefore a challenge for strategic HRM. Some general managers agreed that the process of recruiting HR managers is crucial "*Interviewing process should be effective*" (C1)*: "We need to ensure that we hire effectively.   Quality of staff will determine the quality of service.   We have to ensure we attract good people*" (B1)*.   The responsibility of hiring effective HR managers is that of the general manager or managing director and she or he must be accountable for that, "... *hiring effective HR managers should be one of the top management's KPIs. We need quality HR managers*" (IE1)*.

From the HR managers' perspectives, there seem to be issues relating to empowerment to make strategic contributions, "*… it is one of the greatest failures of any hotels if you don't listen to the HR*" (A1)*. However, this claim was followed by a condition, " ...provided you get a skilled HR person*" (A1)*.   It is a waste if HR is not being fully utilised in the process of strategic formulation and implementation when they are in actual fact hired to do so, "*And if you don't empower your HR manager to manage this…HR systems…and then at the corporate level strategic issues, and advise and to implement these strategic issues, then there is no use in employing a HR manager*" (D1)*.

In conclusion, the quality of HR managers, and the expectations towards them do vary. However, hotels should be clear of what they are looking for in an HR manager, "*It depends on your expectations on HR and what you want them to do. If you want someone to just take care of personnel files records and stuff like that everything, then of course you can find a bigger pool. But if you want the so- called HR that plays a strategic role, then you have a tough time*" (IE2)*. Table 5.6 summarises the challenges Malaysian hotels face in recruiting effective HR managers.

SHRM Challenge	Illustrative Extracts
Recruiting effective HR managers	1. "*HR must have qualified staff. They must know the service industry*" (B1).
	2. "*I generally have the feeling that good HR managers are short in supply*" (B1).
	3. "*Let me rephrase it, he was not the best pick…there were some others that we could not afford*" (C1).
	4. "*In one of the hotels we were brainstorming amongst managers and the HR guy didn't open his mouth or contribute a single idea*" (IE2).

Table 5.6   Summary of illustrative extracts for 'Recruiting effective HR Managers' theme

5.3.6   HR's position and acceptance of HR as a strategic, corporate level partner

With HR being viewed as a strategic partner, and the expectations that comes with this demanding role, it is appropriate to evaluate the position of HR at the corporate level. All three groups of participants, the General Managers, HR professionals and line managers, agreed that HR's position and acceptance as a corporate level partner is crucial for HR to perform as a strategic partner.

In being accepted as a strategic partner, the credibility of HR should be established. "*HR is a crucial factor in attaining business goals. In most cases it is a catalyst*" (B1). Another respondent commented that "*HR is one of the most senior roles in this property*" (E1). HR's strategic role is not limited to just being involved with meetings at the strategic level but also assuming different strategic level responsibilities, "*Apart from that HR for me is also an Auditor. My HR manager is the Chairperson for the Audit Committee. Ok, which means she audits how the hotel operates, from an accounting standpoint of view, you know*" (C1). This role of an auditor should be seen as the role of an advisor, "*It is not fault finding…but look at it how we can improve and move forward*" (C2). And this is made easier when the support comes from the top management, "*The GM believes that HR should be a business partner. Our role is not compliance nor monitoring no policing…nothing. He doesn't believe in that. HR's role is as a business support*" (E2)*.*

Having an HR position at the corporate or group level clarifies the strategic importance given to HR by top management. "*We have a group HR director who also supports the whole idea and assists all HR managers. He has restructured the HR and makes all HR managers reporting directly to him, and this makes sense because he is the HR expert. And he reports direct to the CEO*" (A1). The location of HR's office too may signify the importance placed on HR by top management, "*My office in next to the GM's office. That's the importance given to HR. You have worked in the hotel. You know the HR office is at the back of the house. I mean you have to look at the organisation. Do they value the HR function or not*" (IE3).

As highlighted earlier, HR needs to be empowered, "*You see, the HR manager must be empowered, to devise and not only devise but to implement HR goals coming from the corporate*" (A1). The empowerment is not only limited to devising goals, but also to acting in an advisory role to general managers. "*HR manager must be empowered to advise the general manager, on what direction he should take on HR*" (C1). However, this is not prevalent in all hotels. HR is not viewed as a strategic business partner all the time, "*But the HR manager is not one of the key business partners in driving your business today*" (A1). This could partly be because some HR managers do not see themselves more than 'administrators', "*They just feel that their thing is just to manage the employee…make sure they get their salary on time…make sure the warning letters go out… organise the annual staff dinner, you know, these kind of things…performance appraisal. That's about it*" (IE1). Another participant commented that "*they feel that HR it's an employment office…issue employment letters to human resource…there is no focus…there is no plan on what they want to develop this further*" (B3).

HR's representation in the Executive Committee or EXCOM is also seen as a testimony of its strategic importance. "*The HR manager is part of the EXCOM, which is to show that he is important*" (A1). Another participant, a General Manager, commented "*HR and other departments are involved with strategy on a day-to-day basis. The HR manager is a member of the Executive Committee. His views are taken into account whenever a decision is made collectively*" (B1). The function of EXCOM as a forum to discuss strategic issues too is emphasised by another HR manager respondent, "*We have EXCOM (Executive Committee) meetings and we thrash out these issues*" (B2). However, how effectively EXCOM contributes to strategic planning was questioned by one participant, "*Though it is not for me to comment on the effectiveness of the EXCOM team but I feel definitely there is room for improvement. As an employer…I think at times it can be very, very frustrating*" (E3).

In fulfilling the role of a strategic partner, HR is also required to play the 'bad cop' where the implementation of policies is concerned. HR needs to ensure that they check or monitor employees as highlighted by one respondent, "*So she is like a prefect, they know when she walks in she is going to check. She is going to watch the service. Generally three things take place. One, the fear of god sets in. Then the fear of you not providing a good service sets in. Number three they say eh…HR is here to help. Because they know she is there to help them and talk to them"* (B1)*.*

Table 5.7 summarises the SHRM challenge on the importance of HR's role as a strategic partner.

SHRM Challenge	Illustrative Extracts
HR's position and acceptance as a strategic, corporate level partner	1. "*HR is a crucial factor in attaining business goals. In most cases it is a catalyst"* (B1). 2. *"HR is one of the most senior roles in this property"* (E1)*.* 3. "*You see the HR manager must be empowered, to devise and not only devise but to implement HR goals coming from the corporate"* (A1)*.* 4. *"The HR manager is part of the EXCOM, which is to show that he is important"* (A1).

Table 5.7   Summary of illustrative extracts for 'HR's position and acceptance as a strategic, corporate level partner' theme

5.3.7   Leadership and support from top management

Another enabling factor for effective formulation and implementation of SHRM is leadership. Most HR managers and line managers voiced their concern on the importance of having the right leader to see through SHRM initiatives within Malaysian hotels. In a similar vein, General Managers also do agree with the notion of being accountable for SHRM.

The findings revealed that leadership is crucial in ensuring hotels successfully formulate and implement strategic HRM initiatives. *"Strategy is not an outcome. It is a process, a continuous one. We face myriad challenges along the way. One is that of the need of having various*

stakeholders to be involved in the formulation stage. Logistically this may not be feasible all the time. More so in a crisis you don't have the luxury of time to wonder and ponder. The leadership must call the shots" (B1). A number of participants considered that, however capable the HR Manager, leadership needed to come from the General Manager, *"I think HR can add value. A lot of value. And again it depends on the GM itself. It is the GM that creates the culture"* (C1). It was suggested in the findings that the leadership will eventually shape HR and its strategic reforms, *"And it all depends on the top…how the GM wants the HR to be. I think a lot of them are going towards that direction. I speak to a lot of GMs. They are also moving to that direction"* (D1). Another participant from the same hotel then further confirmed this in a frustrated tone though, *"If we have a good GM, then it works. If we have a so- so GM, then I am not sure"* (D3). The importance of strategy and the possible outcomes of SHRM is viewed by some participants as dependent on the top leadership, *"If you instill the importance of the strategy from the CEO to the driver then it can be achieved"* (A2). Leadership seems to be the driving factor and CEOs are held responsible for the enforcement of SHRM, as one General Manager puts it, *"It comes back to me. It fails because I did not enforce it hard enough"* (E1).

The findings also centred round the issue of having a local or an expatriate as the helm of leadership. Generally, the over- reliance on expatriates was not preferred by some local General Managers. *"Now, let's take a look at a good chain hotel…They fill the senior management team with expatriates. So, when will the Malaysians rise to the occasion?"* (E1). *"Are we saying that Malaysian cannot lead a hotel? Why not? (D1).* There was a clear discontentment by one participant that Malaysian leadership in hotels is being underestimated. *"Then why is it that all the leading hotels in Malaysia are run by expatriates? Why isn't there a Malaysian leading the F&B in a 5-star hotel? Why is it that Shangri-La doesn't bother to bring in a Malaysian as the GM for Shangri-La Kuala Lumpur?"* (E1). However one participant commented that "*It depends if you want to bring in an expatriate or Malaysian. A lot of people say they want Malaysians, but we want Malaysians who have worked in overseas. Then you got to pay that kind of dollars. They want cheap Malaysians"* (IE2). There seems to be no available local talent to take over important positions in hotels. The older generation is retiring and there seems to be no feeder into the succession plan, *"The hotel industry is now maturing in Malaysia. It is maturing at a rate whereby it is sustained by the old generation. There are no ready people to take over their position. There are none with that calibre" (E1).* The same participant however suggested a possible cause of this disparity, *"it is an ability issue. We can't*

deny it. You work in a hotel industry and you want to treat it as a job, that's why we are where we are" (E1).

Change in leadership is another challenge in SHRM, as the findings showed. This seems more prevalent in independent hotels as compared to chain hotels. One participant related *"When the new CEO took over, he prefers a traditional approach, so he closed down the centralised function and he dispatched us all to the properties. Previously we were all specialised…one was Compensations and Benefits, one was Recruitment…now everybody has to do everything"* (E2). The manner in which change is implemented, and the frequency in which it occurs, have an impact on employees and the overall implementation of SHRM initiatives. *"This is the biggest challenge you have in any independent hotel. In chain hotels, GM comes and GM goes, nothing changes. In an independent hotel the GM comes and everything changes tomorrow. If he comes from Marriott everything becomes Marriott. If he comes from Shangri-La everything becomes Shangri-La. So you end up confusing all the staff here"* (E2). This impact of change in leadership and restructuring of the hotel was also experienced by another participant. But in this case the strategic role of HR was in question. *"So they have this corporate office and all the subsidiaries. The corporate office role was purely to consolidate data. Everybody report to them. But what he (the CEO) wanted to do was to change this. Instead of a corporate office, become more of an operational role. So, that's why the position of Director of HR at that time was not strategic"* (IE2).

One participant felt that there is a lack of support from top management, in the form of the necessary 'tools', including sufficient budget and the right staffing, to achieve the targets that are given. *"But again…being an independent property, the expectations are there but what (tools) you need to fulfill the expectations are not provided for you. You can't set expectations when you don't provide us the tools. You expect us to deliver a 5-star service when you give us a 2-3 star equipment. We might do that but it is very stressful"* (E3).
The expected support and leadership from top management as a SHRM challenge is summarised in Table 5.8.

SHRM Challenge	Illustrative Extracts
Leadership and support form top management	1. *"I think HR can add value. A lot of value. And again it depends on the GM itself. It is the GM that creates the culture"* (C1). 2. *"And it all depends on the top…how the GM wants the HR to be. I speak to a lot of GMs. They are also moving to that direction"* (D1). 3. *"If we have a good GM, then it works. If we have a so-so GM, then I am not sure"* (D3). 4. *"It comes back to me. It fails because I did not enforce it hard enough"* (E1).

Table 5.8   Summary of illustrative extracts for 'leadership and support from top management' theme

5.4 Thematic analysis for strategic implementation

This section presents the detailed findings for the nine themes that are related to strategic implementation in the following areas:

1. Partnership between HR and Line Managers
2. HR's involvement in operations: being seen as a profit oriented department
3. Challenges in strategic recruitment and selection
    - Staff turnover
    - Labour scarcity
    - English language challenge
    - Education policy
    - Policies on labour
    - Changing attitudes towards work
4. Challenges in strategic training and development

Themes concerning HR and line managers' partnership, and HR's involvement in operations are seen as a broader theme on relational issues, as these themes expand on the earlier discussion on differing perceptions of SHRM and leadership support in strategic formulation.

The second broad theme for strategic implementation is challenges in strategic recruitment and selection, which revolves around societal and industry challenges. Staff turnover, labour scarcity and challenges in strategic recruitment and selection, are seen as a broader theme on staffing.

Thirdly, the broader theme on training will include the specific challenges in strategic training and development.

5.4.1 Partnership between HR and Line Managers

In ensuring that HR is able to assist in the implementation of strategic initiatives, the partnership and relationship with other department managers is important. This relates to the trust and respect HR commands from other department managers, given its strategic importance in the organisation. However, the findings revealed that generally HR managers and line managers within Malaysian hotels feel positive about this partnership, though the focus is limited to the staffing function. General Managers, on the other hand, feel that HR and line managers need to relook into the nature and purpose of this partnership from a SHRM perspective.

The findings showed that most department managers have a good partnership with HR. *"Things are quite collegial here. Managers interact openly and harmoniously. There are issues from time to time but then again that is normal in a team"* (B2). *"So far so good"* (C2). Generally HR is seen as a support department though the extent and demand of support may differ from one hotel to another. *"It comes down to this…it is still very traditional. I only come to the HR because I don't have enough STAFF! So HR ends up feeling that its role is to FIND STAFF. And that's all"* (E1). In one hotel, HR goes to the extent of assisting other departments in doing their jobs when there isn't enough staffing to do so, *"I see myself as a business partner. I even offer myself…let's say if they are busy with operations, if you need things to be typed, I am willing to type. I go to that extent. I get their respect and trust. We have a great team"* (D2).

Generally, the relationship between HR and line managers is conventional. Managers do realise and accept the role HR plays and how they can help, *"People accept and understand the role HR plays and the need to support HR"* (B1), but this is often done in the spirit of 'to comply' rather than truly understanding why certain HR measures are necessary. "*It is more of a 'compliance' relationship rather than an 'understanding' one"* (B2). Issues pertaining to

controlling labour cost, managing staff turnover and training and development are the issues which seem to be most commonly discussed. "*Sometime we have to make them understand. "Hey excuse me, the occupancy is low. If you are the owner of this hotel and taking out money from your own pocket, how do you feel?"* (C2). In some cases the understanding comes 'naturally' "*They know we all have to survive. I don't need to tell them. The GM does it in the monthly meetings"* (B2). One participant 'simplified' the partnership as 'non-negotiable', *"The partnership is very simple. The manning is done and given by corporate. The answer given to us by corporate was 'non-negotiable'"* (E2).

As the focus is predominantly on staffing and workforce, it suggests that the partnership is 'traditional' rather than 'strategic'. "*Manpower! Manpower! Manpower! It just doesn't seem to elevate itself to a newer role. We need to revolutionise HR within the hotel industry. That needs to be done. HR must ask the other managers, why do you have a manning issue? Why are you experiencing a high turnover? Is it because of your attitude, your environment?"* (E1). One participant felt that by virtue of being only in the hotel industry, most HR managers have been dealing with this issue all the time and have been conditioned to thinking that staffing is the only thing they need to focus on. *"They have been in the hotel industry for a long time. It is stuck in their (line managers) minds that HR is the person who disciplines people. Hiring and firing"* (IE3). This may cause HR to have a negative image, that of *"a headmaster. So they hate the HR"* (C1).

HR needs to project itself strategically in the context of partnership with other department managers. In doing so, HR needs to change, not expecting the managers to change in their perception towards HR. One General Manager put it: "*They only tell you what they see. Correct? If I see a movie and tell you it is exciting. So, HR is a movie. If HR projects itself to be a dull movie then you are done. If HR projects itself to be a catalyst to help people to become better…work with the managers….teach people…then HR becomes a profit centre for them"* (D1). In changing the mindsets of other managers, HR should first initiate to change, *"So you don't have to change the mindsets of the managers. The mindsets of the managers change when HR is projected in the right manner"* (D1).

Like in any other relationship, communication is vital in the partnership between HR and other department managers. *"If you don't communicate with line managers you will struggle"* (E2). The views on what to communicate varied. In most cases it is to 'inform' other managers what

top management has decided, *"So what you do? Call for a meeting with all the heads, explain to them the rationale: tell them the process. Talk to them, set the parameters, set the procedures…why should there be an argument?"* (E2). Another participant felt that keeping colleagues informed was essential in effective communication, *"So it has all to do with communication. As long as you keep them in the loop, keep them informed, work with them to solve their issues, they will give you their full cooperation"* (C2). Visiting department managers and initiating discussions was also seen as another form of effective communication, *"So when the department managers look at you as a person who actively supports them, then they accept you as part of the whole. HR must visit all department heads at least once in a day"* (A3). One other initiative taken to improve the partnership between HR and department managers is to convince the department managers that HR is a business partner with something to offer, *"Hey look, we are not that draconian… we are the business partner. How you want us to help you? I don't believe in electronic communication. It helps yes, but I walk to them, face-to-face. I attend their briefings. We have a special meeting called "Let's Talk". One representative from each department"* (IE3). And the support here includes in all areas of HR, *"We support them. In terms of training and development, no issues…we have an expert to do that. In terms of HR overall, we conduct employee opinion survey"* (IE3). *"We ask them how HR can help you improve your service delivery. Do you need training? Counseling? Tell us"* (C2).

Table 5.9 summarises the challenges regarding partnership between HR and Line managers.

SHRM Challenge	Illustrative Extracts
Partnership between HR and Line Managers	1. *"I only come to the HR because I don't have enough STAFF! So HR ends up feeling that its role is to FIND STAFF. And that's all"* (E1).
	2. *"It is more of a 'compliance' relationship rather than an 'understanding' one"* (B2).
	3. *"So you don't have to change the mindsets of the managers. The mindsets of the managers change when HR is projected in the right manner"* (D1).
	4. *"So when the department managers look at you as a person who actively supports them, then they accept you as part of the whole. HR must visit all department heads at least once in a day"* (A3).

Table 5.9   Summary of illustrative extracts for 'Partnership between HR and Line Managers' theme

5.4.2 HR's involvement in operations: being seen as a profit- oriented department

The findings showed that General Managers and line managers feel that HR should be more involved in operations and endeavour to be seen as a profit- oriented department. HR professionals too generally agreed with the same notion. Some participants commented that HR needs to be more involved with the operations of the hotel. *"Some HR managers don't understand our problems. They just stay in the air-conditioned office and give orders. They want us to cut staff and improve quality. How to do this? If they have to be in our shoes then they will understand"* (A2). They feel that HR has to improve, *"I am sure HR can do better. The HR department can play a more active role, not only in this resort but generally in this industry"* (B1). One participant felt that HR is still very much traditional, *"I think honestly speaking, HR is still in the old school of thought"* (B3). Another comment was defamatory, *"But I always thought that HR was lazy buggers sitting in the office"* (D1).

In order to contribute towards operations, HR must first understand and be knowledgeable about the processes in operations. *"They should hire good training managers. F&B is a revenue department. The training (in this department) is different. It should not be like other departments. The HR Training Manager should come to the restaurant and follow and observe"* (B3).

Most General Managers expect the HR managers to be well-versed with operations matters. *"Working with me you will not just be an HR manager…I want to see a HR manager who stands with me in the lobby and greets guests"* (C1). The participant continued *"I said there is more to HR than just sitting in your office. You come with me for hotel inspection. Because when you go with me, as an HR Manager, you will know if the Executive Housekeeper is doing his job or not. If the F&B Manager is doing his job or not. And when you are walking with me, you are not only looking at the trash, we are looking at the people. Are they dressed appropriately?* (C1). The involvement of HR in operations matters is evident in some hotels, *"But we even clear tables and what not. When I was in my previous hotel, we also check rooms"* (D2). Another HR manager commented, *"And we do compilation of guests' comments. Normally the Marketing communications department does it. I took upon this task. And I share with the rest of the departments on the areas that we need to improve on"* (E2). However, HR needs to be careful in its involvement with operations matters as to where it draws the line. One respondent appeared confused and frustrated when he felt that HR is rather encroaching and taking over

his duties as a department manager. *"I am saying that he wants to be involved so much in operations that even the first warning letters are being prepared by HR. Maybe this is good I think I should discipline my own employees"* (C3).

Therefore, most hotels do see HR being involved in some way or another, but generally the feeling is there is a lot of room for improvement. *"HR too is being involved a lot. They come over to the operations departments and find out more about the issues pertaining to staff. Last time the department and restaurant managers will request for training and HR will provide. Now, no longer. The trend has changed. HR is no longer back of the office. They have to understand what operations is doing"* (B3). One General Manager felt more is needed, *"HR is the key…alright…but HR today…you know…some of my HR people don't see it the way we see it. They are bogged down with administrative roles"* (E1).

One respondent shared, *"To me hospitality is a people industry…We don't have to be in HR to understand it. HR is more on governing the policies and ensuring that the procedures are in place. In this industry we are all in HR. Because we manage people. In fact we know better what needs to be done in HR because HR is sitting in the office and getting the administration work done"* (E3). This brings HR back to the administrative role and takes the focus away from being a strategic partner.

However, other respondents felt that HR needs to be involved, *"For me HR means you work like an operations department. My HR never sits in the office"* (D1). HR is treated just like any other operations department, *"HR must know exactly what is happening, like the F&B director, like the Sales department…like everybody else…they must know"* (A1). One General Manager felt that HR is more of a catalyst, *"For the one reason… my HR have to be on the ground…and I believe HR is more of a catalyst for generic improvement of the property"* (C1). The future of HR is very demanding and challenging. *"I think that's the future of HR. They cannot sit in the office and write standard operating procedures and all. Soon that will be a toilet paper"* (D1).

While General Managers expect HR managers to assume more strategic roles and be more involved in operations, HR is not exempt from policing and acting as a disciplinary master. *"I have an issue of grooming standards. Who is accountable for the grooming standards of this hotel? HR would say it is the outlet managers. Then what are you for? I want you to move your office from where you are now to the staff entrance and stand at the entrance and you got*

to be the one…the policeman to check on the grooming standards. I am not interested if you have filled up Form XXX for the employee. I am more interested if you have played your part to mould the employees" (E1).

As the findings suggests, HR is expected to play a different role today. *"HR leaders must play a different role today. They must be extremely innovative. They cannot look at their role as a traditional HR person. You need to be innovative in staff motivation, staff retention, in aggressive staff development and training. HR is no longer a back of the house role. It is front of the house. The HR director should be able to stand in a restaurant, look at the restaurant and say…you have got operational issues here. You have service efficiency issues there. Let me work with you to develop these areas"* (D1). Most HR managers are still very much traditional. As one respondent commented, *"What happens today is the HR Director will send out a form…Train the Trainer programme…bla bla bla… It is a very administrative role. We have enough clerks to do that job. HR should think strategy…partnership. I bring in the business for you…you should help retain the business through the software, the people"* (E1).

Some HR managers do realise that times have changed. They do understand what challenge lies ahead. "*Sometimes it's a great challenge being in HR because these days HR is no longer known as back office doing paperwork etc. But they are profit orientated department produces result for organisation… people development which is measured in statistics etc."* (A2).

As one General Manager summarises it, "*For me HR is an investment. The justification is very clear…number one…HR must be seen. They may not be able to contribute directly to dollar and cents but they are part…or seen…in the areas where we make money. To show they contribute towards service. That's how they become profit centres"* (D1).

Table 5.10 summarises the challenge of HR being seen as more involved in operations.

SHRM Challenge	Illustrative Extracts
HR's involvement in operations: being seen as a profit-oriented department	1. "*Some HR managers don't understand our problems. They just stay in the air-conditioned office and give orders*" (A2). 2. "*I think honestly speaking HR is still in the old school of thought*" (B3). 3. *"But I always thought that HR was lazy buggers sitting in the office"* (D1). 4. *"I am saying that he wants to be involved so much in operations that even the first warning letters are being prepared by HR. Maybe this is good I think I should discipline my own employees"* (C3).

Table 5.10   Summary of illustrative extracts for 'HR's involvement in operations: being seen as a profit- oriented department' theme

5.4.3   Staff turnover

Turnover of staff was cited as one of the major challenges in formulating and implementing strategic HRM initiatives in hotels. Equally important as the availability of right talent and staff at the managerial level for strategy formulation is the availability of talent and staff in the implementation stage. The findings revealed that all three groups of participants highlighted staff turnover as a major SHRM challenge affecting Malaysian hotels. HR professionals find it challenging is sourcing employees, and line managers find it challenging in retaining them. The General Managers, on the other hand, are challenged with attracting and retaining HR and line managers.

5.4.3.1 General challenge and impact

Overall, this industry suffers from a relatively high staff turnover (Cheng & Brown, 1998; Nankervis, 1993; Wilton, 2006). *"I think one of the key KPIs in HR is to manage turnover of staff. That is so key today in the industry. People come and people go…in KL it haunts a general manager on how to run a hotel"* (A1). For some, the turnover rate is quite manageable, *"Turnover not too bad, manageable. When we cannot attract good people, our manning is under control"* (B2), and at times it can be severe, *"In fact before we experienced the bad times the*

turnover was not high. But during bad times, the occupancy rate dropped, service points went down to incredible low level, many staff left. We had about 450 people left us in one year" (E1).

Generally turnover is around 10% and most hotels have come to accept this trend. *"We say 10% turnover is very good over a year…10% is very good. In KL if we take a 400 room hotel, the number of staff leaving every month is 80 staff to 100. I mean that is mind boggling. You will collapse"* (A1). Department managers too are concerned about it, *"We are always short of manpower. We have to make sure we retain them. But what can we do? If they decide to leave what can we do?"* (A2). They seem to be left with no choice, with Malaysians not interested and the government placing restrictions on the employment of unskilled foreign labour. *"How to find? Malaysians don't want to work in hotels, no standard… we cannot hire foreigners…so how to survive?"* (B3). In contrast, one participant was fortunate not to experience a high turnover, but in fact had hoped for seeing more staff leaving, *"In my HR team over here, the turnover is very low. I hope it is more…one of my HR lady has been there for 20 years. I did manage to bring in a couple of new bodies, and they have been brilliant. In my case my problem is I am not having a sufficient turnover to bring in the right talent"* (IE2).

5.4.3.2 Strategies to counter impact of turnover

Realising the negative impact of high staff turnover, hotels try to retain employees, especially those employees regarded as strategically important. *"You can have many programs in HR to keep your key management staff because at the end of the day it's the key management staff that are going to get your company running, whether it's a hotel or whether it is something else"* (A1). One hotel decided to hire the management team from close geographical proximity to avoid turnover, *"I wanted to make sure that I wanted to avoid management turnover. So I tried my best to hire people from here. The financial controller is from here, so is the F&B Manager, and the HR Manager"* (C1).

Close proximity alone may not be the factor to control the turnover rate as employees may look for other opportunities and experiences, or better career paths and compensation. *"One of the best ways to motivate a department head is to number one, offer him a good package, number two, a career path. He sees that in the next few years he knows where he is going to go with you"* (A1).

5.4.3.3 Employees have options

One contributing factor towards the high turnover trend in general is the availability of options for skilled and unskilled jobs in Malaysia. *"So, because of Malaysian's dynamic growth, people have different expectations, people want more money, people want high paid jobs, there are so many other opportunities also in the market….you put all these problems together and that problem is created for the hotels"* (E1). Currently there is high employment demand, *"People don't need a job or they can get a job very easily. Then, you have also a lot of restrictions in bringing foreign labor into the country"* (D1).

5.4.3.4 Premature promotions and internal recruitment

As a result of not being able to find suitable replacements for managerial and supervisory positions when a vacancy is created, there is a tendency to 'promote' junior staff to assume the positions of supervisor or assistant managers. *"Like Front Office Managers, Executive Housekeepers, Maintenance Managers…the operational departments…I think there is a shortage for this talent. And a lot of these positions need to be filled up so we just close one eye and give it a shot, hoping this person will make it through"* (E3). Another participant elaborated that, in hindsight, this process of internal recruitment is a motivational tool for employees, *"Here what we do is the promotion internally we really go all out. We didn't take people from outside. Like supervisors and what not…we groom them. There is an action plan for the person to be promoted"* (D2). This approach has its own disadvantages and consequences. The disparity in quality of managers in some instances is pretty obvious. *"We have to understand that the quality of middle managers is not the same like what we used to have 10 years ago. Our middle level managers' mentality is still at the supervisor's level. Our supervisors' mentality is that of rank and file level"* (E3).

5.4.3.5 Turnover of HR Managers

In most cases, the HR managers' turnover was as high as any other staff turnover. *"We have had nine HR managers over the last 12 years"* (A1). This affected the stability of the position, *"HR managers come and go, there is no stability"* (A2). Recruiting HR Managers, as discussed earlier, is another challenge besides trying to retain them, *"It is hard to find them (a good one)*

and keep them" (C1). One General Manager stressed that, *"To be serious about your HR systems, you must first make sure your HR person is there to stay"* (D1). The issue is not that HR managers are in short supply. *"Seasoned HR practitioners, I think they are still around. But of course if you specifically want to talk about hospitality industry, majority of seasoned HR who know their jobs well, they don't stay in the hospitality industry. They move. They move to other corporate world"* (IE3). As another participant echoed, *"I have seen many HR managers here, they don't stay long"* (B3), more so in smaller towns, *"In this part of Malaysia, HR managers don't want to come"* (E1).

There is also a trend for HR managers to move from one hotel to another within a short period of time. *"If you notice the MAH (Malaysian Association of Hotels) meetings, the HR managers' faces keep changing in the meetings every few months. And they are young. Good but the turnover is very high. In one meeting I see this person in hotel A in the next meeting I see the same person in hotel B"* (IE2). There is a suggestion that HR in hospitality is more challenging than HR in other industries, *"If you notice that HR in hospitality and HR in another industry is two different things. For me, HR in the hospitality is even tougher"* (IE3). The participant elaborated, *"Because we are handling operations and people. Yes, manufacturing too are handling people. But we are service industry, delivery to guest"* (IE3).

5.4.3.6 *"It's all about money" – the mercenary approach*

As much as the turnover trend is inevitable in this industry, so is the suggestion that it is all about money. *"At the end of the day…let's be honest about it…it's all about money"* (IE3). The question is then whether the management is willing to pay and attract these managers, *"I think the fund (recruitment) is a dilemma. It all depends on the owners to get involved. It's a limitation in attracting people"* (B3). One respondent used the 'mercenary' approach to explain this reality. *"My CEO usually uses this word, he says in the hotel industry there are mercenaries. But be mentally prepared that you will not be able to keep this people for long. And employees in the hotel industry do want to move because in their resumes they want to show that they have worked in different hotels, for their growth. But they wouldn't want to be seen jumping hotels every six months. So you know a lifespan of an employee in our hotels. You know, two years, three years"* (IE2). It is interesting to note that two-three years is the average service length one can expect from a managerial position in hotels. Another respondent supported this

notion, *"I have been here about three years. But it is a record here for F&B. Normally they don't last here long"* (D3).

The 'mercenary approach' is reciprocal, as the findings suggested. Employees too feel that the management is always concerned about money, as one participant commented, *"But you know the top management has one objective only. To save cost and make more money. So the strategy is simple, cut cost. We managers must help in making do with less staff and make more money for the hotel. That's survival"* (A2).

Table 5.11 summarises the challenges on staff turnover faced by Malaysian hotels.

SHRM Challenge	Illustrative Extracts
Staff turnover	1. *"We are always short of manpower. We have to make sure we retain them. But what can we do? If they decide to leave what can we do?"* (A2). 2. *"It is hard to find them (a good one) and keep them"* (C1). 3. *"To be serious about your HR systems, you must first make sure your HR person is there to stay"* (D1). 4. *"At the end of the day…let's be honest about it…it's all about money"* (IE3).

Table 5.11   Summary of illustrative extracts for 'Staff turnover' theme

5.4.4 Labour scarcity

General Managers, HR professionals and line managers voiced their concern regarding lack of staffing or the non-availability of sufficient size of workforce. They felt that by controlling the recruitment of employees was the easiest and best way for management to control labour cost. One respondent commented that he never had the full staffing that was supposed to be allocated to his department, "*This is a serious thing to look at, top priority. Since I joined till now I can't even have 50% of my manning budget"* (B3). Some managers end up doing the work themselves, as much as they can, *"And frankly speaking that with our current resources that we have…we don't have much choice. The managers too have to go to the grounds, especially*

during certain peak hours" (E3)*,* which makes the HR function less strategic. Failure to have sufficient staffing will eventually affect service quality, and the long term impact can be detrimental, *"I understand the management need to make money and all…but let's be practical…we cannot be penny wise pound foolish…I don't mind to be quoted on this point.. Management must realise"* (B2)*.*

But the labour market too, especially those who are unskilled, doesn't seem to be interested in this industry, despite efforts made to attract them, "*Challenges in recruitment I would say in the lower ranks, like Housekeeping. You know I tried. We have a group of foreign workers under an agent. After that I told to myself I must get locals to work. We interview, they come in and one or two days later they go. Until I don't know what to do. Give them a chance and they don't want"* (D2)*.* This characteristic is also found in the labour market in east Malaysia, *"They are just not interested any more"* (E1)*.* This challenge is made worse for hotels operating in remote island locations, "*We have a problem of hiring staff here. In the beginning it was so difficult to get staff. We went to Sabah to hire staff"* (C3)*.* This is confirmed by the managers in Sabah who explained that employees from Sabah preferred working in peninsular Malaysia and bigger cities, *"We hire the village folks to join us. We spend two-three years training them. Once they have the experience, they start looking. The first choice is always Kuala Lumpur…The second choice is Singapore or Macau…So you have a constant drain of people going to these destinations"* (E1)*.* In such a situation, the employees have more options and have the power to decide where to work and in the process increase their compensation package. As one respondent put it, *"The problem now it is an 'Employee's Market' not an 'Employer's Market'. So a lot of times you will find that you are paying them above the market value"* (E3)

Some feel that the inability to pay is the main reason for the failure of hotels in attracting employees. "*Normally it is the same issues of labour cost…we must pay. Budget is always the problem"* (B2)*.* On the contrary, this may not always be the case. Desperate for filling positions, some hotels do go to the extent of hiring fresh graduates for semi-skilled jobs. *"So what we did, we said why not we look for fresh graduates. Fresh graduate in the hospitality industry, in Tourism Industry, and in Business Administration"* (C1)*.* Relying on hotel schools and colleges is another option. Though these are not full time positions, the basic need of having people to perform the job is fulfilled. "*And our pool basically from colleges as well as the existing pool of casual workers that move around within hotels. They are not interested in full time jobs, but they still get the job done"* (IE3)*.*

Given the tight labour availability, competition is stiff and staff headhunting seems to take place. This competition is not only restricted to the hotels within Malaysia, but also international hotels within the region. "*Then you have an extremely competitive, lucrative hotel industry outside Malaysia that needs Malaysians… Singapore, Macau. The more you have this gambling casinos and big theme parks opening up, and the more they keep sucking up our workforce. And a chunk of our skilled workforce disappears constantly*" (E1). The impact of staff movement can be critical as there have been situations where an entire department is 'wiped out' by competitors, though in stages and over the years, "*In the last five years I lost my whole Front Office to Macau. They came here…interviewed all the staff here and they took everybody! We then took in a new batch, trained them up and after one year, Singapore took them!*" (E2). This phenomenon is, however, looked at from a positive aspect when the respondent commented that competitors are keen on hiring employees from this hotel due to its good reputation in service quality, "*That's what happens when you have a reputation of being the best. So head hunters working on international assignments will see where they can get the best staff*" (E1).

While it is easy for some hotels to headhunt staff from their competitors, others may not be successful in doing so. "*You know, it is very easy to, say, hire people from Shangri-la, but they don't want to leave. They are all in a comfort zone. They are earning well in five-star hotels, so it's a huge challenge*" (C1). This can also be attributed to the better HR policies and career paths available in international chain hotels that are better able to attract and retain employees. "*In Shangri-La they won't move because their career paths are very strong. They open hotels every other month. They hardly cope with their internal succession plan*" (E2). Succession planning does not seem to be prevalent in independent hotels, which struggle to meet the basic staffing needs. "*When we have enough people here then we will talk about it. We don't do succession programmes when we are struggling. You know Maslow's theory…don't talk about Self Actualisation when the basic is not fulfilled. We can't even meet basic operational needs. We got to focus on that area first*" (E2).

To address this challenge hotels do work together among themselves. "*We, the directors of HR had a meeting two weeks ago, Malaysian Association of Hotels, HR committee, and the topic of discussion was this…nobody can find staff anymore. Even pinching is so difficult*" (C2). Outsourcing is seen as another possible solution to the challenge of scarcity, "*You see currently Sabah is going through a very bad situation whereby…the target people that we want to work in hotels have depleted to a point where most hotels are already considering outsourcing*" (E2).

But outsourcing might not help altogether. The image of a 'hotel job' is also of major concern. People are not interested in working in hotels due to the long working hours and rigid regulations associated with hotels. *"They don't want to. Why? Too many rules. Work is hard. Grooming standards are too strict. Hotel life is very disciplined. They don't want. So manning is going to be a huge challenge"* (B2).

As a solution or remedy to the predicament of labour scarcity within the hotel industry, General Managers and top management should look into the possibility of hiring staff from outside the industry, as mentioned by one of the participant. *"I recommended a sales manager candidate from the automobile industry to the GM. He rejected. This salesperson is very good in selling Honda cars. He wants to apply to a hotel for a job as the Sales Manager…Cannot…Why? No hotel experience…I said you are out of your mind. He is very good at selling cars that cost 150 thousand and above. Don't you think the client that he is been dealing with in the companies. He will be able to sell your hotel rooms for 350 dollars…He can't do that?"* (IE1). The attitude of being stubborn and adamant needs to be re-examined in this circumstances.

While locals are not interested in hotel jobs, hiring foreign workers is difficult if not prohibited. Government policies do not help in solving the challenge of labour scarcity, especially in east Malaysia. *"But over this part of Malaysia the regulation is too strict and we can't bring people from there. We are struggling. We can't get enough people for Housekeeping, for Stewarding. We can't get enough service people. It is always a crisis management for us…always"* (E3). Even if there are people who are interested, they don't stay long. *"In a situation like that we don't have a choice. We have come to a stage where we don't hire people on permanent basis anymore. We identify the person, interview the person and give them two weeks try out period"* (E2). Table 5.12 summarises the challenges on labour scarcity.

SHRM Challenge	Illustrative Extracts
Labour scarcity	1. "*This is a serious thing to look at, top priority. Since I joined till now I can't even have 50% of my manning budget".* (B3). 2. "*We have a problem of hiring staff here*" (C3). "*We hire the village folks to join us. We spend two-three years training them. Once they have the experience, they start looking"* (E1)*.* 3. "*And our pool basically from colleges as well as the existing pool of casual workers that move around within hotels. They are not interested in full time jobs, but they still get the job done"* (IE3). 4. "*In the last five years I lost my whole Front Office to Macau. They came here…interviewed all the staff here and they took everybody! We then took in a new batch, trained them up and after one year, Singapore took them!"* (E2).

Table 5.12   Summary of illustrative extracts for 'Labour scarcity' theme

5.4.5   Challenges in strategic recruitment and selection

Strategic recruitment and selection is about hiring effectively, which can assist in enhancing employee commitment and reduce employee turnover (McGunnigle & Jameson, 2000). The findings suggested that General Managers, HR professionals and line managers in Malaysian hotels generally struggle in creating a reasonably large number of suitable applicants to enable them a chance of obtaining better qualified employees at various levels (Millmore, 2003). Some of the contributing factors that led to the challenge of not being able to attract a wider pool of qualified applicants and employees are the poor command of English, the education policy, labour policy, and changing attitudes towards work.

5.4.5.1   English language challenge

One of the glaring challenges that came about in the findings was command of the English language amongst employees and applicants. This challenge was attributed to the education policy in Malaysia. To add to the challenge, most hotels try to hire foreign unskilled workers, but they too have poor command of English. *"Then we have the foreign workers. Most of them don't speak English. At times we get fed up trying to explain something to them"* (A2)*.*

Regardless, whether they are foreign workers or Malaysian fresh graduates, the challenge is similar. *"I must say, in terms of quality, you know here I am interviewing the graduates, who could hardly speak English. While they studied hospitality or tourism etc. but they have no idea of the conditions of the Malaysian hospitality landscape or whatsoever"* (C1). However, one respondent felt that command of the language is not of paramount interest, "*You see someone with a fantastic smile…fabulous personality…so what if he doesn't speak English? We can teach him to speak English. On the other hand you might have a smart fellow who speaks English well but is so arrogant…and all these things that are not suitable for the industry. We cannot train attitude, but we can modify a person's behaviour"* (E2). One respondent sounded worried when commenting on this issue, *"So I think across Malaysia…we have the problem in recruiting front-liners. And because of our education system…nowadays…none of them speak English. You have them coming for interviews and the minute you ask them a question and they ask you "Can I speak in Malay?" Should we be educating our tourists to learn Malay before they visit our country?"* (E3). Some respondents felt that the government should do something about it. *"Government has to come in to help. The private sector can't do much. How much can they do? You get what I mean? We can't be having English lessons when we are conducting recruitment. As far as Human Resources is concerned in the industry, I think something needs to be done"* (E3).

Even if some employees have a reasonable or basic command of the language, they often panic when communicating with international guests. *"And our people, particularly Malaysians, they feel like talking in English…they are trying their best…but yet when they see the guests they can't talk. They get jammed"* (C2). Another respondent had a similar observation, *"When a guest asks them something with a 'slang' or with a longer sentence they will stare at the guest like aliens. I can understand the frustration the guests and tourists have. I am just asking you simple question and you are looking at me blankly. This is not only happening here…it happens in KL too"* (E3). However, it was also noted that the expectations of proficiency by guests differ, *"You see if it is a foreign customer, they would expect the level of English to be low. They can excuse you. If it is an Asian customer, worst still a Malaysian customer, they will complain on the level of English. They look at it as a five-star hotel and you are supposed to have staff that communicate well in English"* (E2).

The process of interviewing can be frustrating for some managers. *"I advertise in the newspaper and I got 21 responses. All of them unemployed graduates. And they did all kinds of funny degrees and all those unbelievable courses that they will never find a job with. So I give them a chance to be employed as a telephone operator, at least some decent income…but cannot. I speak to them in English and they reply in Malay. I tell them you must learn to speak in English"* (E2). Another respondent had similar a similar experience *"The moment you understand my second question, I end the interview. Thank you for your time. You know…it is frustrating that you go though the whole interview process, interviewing 10 people and you get only ONE who speaks reasonable English"* (E3).

5.4.5.2 Education policy

The education policy and system too has faults that need rectification. The findings suggest that most hotels are not happy with the way students are enrolled into hotel management schools and colleges, and the supply of workforce from these colleges is not encouraging. *"You see in my last conversation with the Dean of a local university…I told him…you cannot ask your student why they fail…They fail because when you recruit them, you are not recruiting them for the business they want to be in. You are recruiting them for a commercial exercise that you are in"* (D1). Another General Manager commented *"70% of students that come out from hotel colleges never end up in hotels. They end up in all kinds of different things. The other 30% end up with fast food chain and stuff like that. Maybe 4-5% ends up here…because we don't have a success story to tell to people"* (A1). One General Manager was blunt in saying *"You are also impacted by…forgive me for saying this…a very poor education system. Maybe it is high for certain people…but in the context of international standards…it is very low"* (E1)
.

Ironically, these many private and public hotel management colleges do not produce enough graduates for the hospitality market. *"Then I ask the question, where is the pool that is supposed to be supporting me? Where are the colleges? Where are the schools? Where are the students from all these places? Why are they not supporting me? How many hotel management programs are running in this country today? If you tell me there are 2-3 thousand students in the hotel programs churned out on an annual basis, then where are they going?"* (E1). It is difficult to comprehend that these students don't want to work for 5-star hotels after completing a course in hotel management. *"If I am a hotel management student, my first priority will be… my dream will be to work in a 5-star hotel. Not on a 4-star…but I will come knocking*

on a 5-star hotel. How come I don't get anybody?" (E1). The reason for this could be the reality check the students get after knowing what is to be expected of them in this industry, i.e. the hard work involved. *"We get a lot of students from the hospitality schools. But you will be surprised that after they have graduated more than three quarters of them decide not to work in hotels. Especially so after their practical training. Because they did not know there is so much of hard work"* (E3)*.*

The colleges enrol students from neighbouring countries and most students return to their countries upon completion of studies. *"Most of their students are from Indonesia and other overseas countries. The students go back after graduating"* (E2). The government-sponsored colleges are said to be attracting students who are not genuinely interested in hotel management. "*The government-sponsored schools on the other hand attract students who don't have any interests in the hospitality industry. The students enrol for the monthly allowance they receive as students. When they complete their studies, they are more than happy to return back to their villages"* (E3)*.* And hospitality courses are also seen as a fast track qualification route, *"Many youngsters now take up hospitality courses because it is the shortest and the cheapest"* (E2)*.*

As mentioned earlier, the education system needs attention. *"These hospitality schools really need to filter before they take these students in. The students need to be told what is expected. This industry is not just glamorous as they think it is. Otherwise we are just wasting resources and a lot of money. Because a lot of these courses are subsidised by the government. And because of this we are having issues and problems in getting quality staff"* (D1). Another respondent shared similar thoughts, "*After you have trained them and they have decided that no…this is not what I want to do. In fact we get better quality staff from people who have never attended hospitality school"* (A2)*. "One of the reasons being is whether it is our education system…whether it is the way we are investing in the hospitality courses…we need to be a little bit tighter. The filtering has to be there otherwise a lot of money is being wasted"* (IE2)*.*

The lower school level education policy also needs some rethinking. *"They have taken geography out from the education system. So kids, they go to school now, know nothing about tourism. So when you study geography…you learn about different countries and the world. The young people…they don't even know capitals of the world outside Malaysia. When you ask them…what is capital of England…they say Manchester United!"* (IE1). Students at younger

age are not given the wider picture of the industry and the career potential related to it. "*There is a career here and where you can join and you can be earning more than a doctor is earning. I mean, it depends on the individuals. Everybody can become a GM but when is the first time a kid hears about hotel management? When they finish Form 6, go to education fairs and they look at the career options…and you give them one hour or half an hour to decide…Do you want to this? Everyone is bent on becoming engineers, doctors, lawyers. In school, that's what they are taught*" (IE1).

5.4.5.3 Policies on labour

As mentioned earlier, a challenge that is directly related to the scarcity of labour and strategic recruitment is government policies on labour. Most hotels are dependent on foreign unskilled labour which is relatively more cost effective. However, the present government policies on hiring foreign labour are not supportive to hoteliers. "*We are trying to get them in. The local laws are not so favorable*" (B3). Another respondent commented, "*Labour is an issue. The government is making it difficult for us to bring foreigners. If we bring them we cannot put them in front line. But you see the policy is not clear. Enforcement is a problem. So that's a big challenge*" (C1).

Some hotels try to provide authentic services, in areas like yoga, and need to hire people from abroad if necessary, but their effort is futile, "*I was looking for an Indian yoga instructor. A real Indian-Indian. I wanted to promote it as authentic. We have been working on this challenge for the last eight months, and we only got a partial approval*" (C1). Providing authentic service is not the only reason why hotels hire foreign workers. There are other reasons for it, "*You see generally, you talk about why they want to hire foreigners…the main reason we hire them is because we think these guys can work, do not get tired and all that. Because they come here to work and earn money. They have the passion. We have to train them too*" (C3). However the government is once again called to look into the feasibility of allowing foreign workers to be hired in this industry. "*But the government must do something*" (D3). "*Of course we have a challenge of recruiting foreign workers. We will be lying if we say we are not. That is because there is a lot to do with the government…the systems that they have*" (D1). One participant commented that the government or ministry could play a more important role in the industry, "*In*

fact the ministry (my personal opinion) plays a small role…they just come in to shake hands in the end" (E1).

Other government policies on labour include that of internship. *"The state government runs one (internship programme) which we all participate in…but they have become a little bit more demanding. Last time the state government used to pay RM250 and the interns or trainees used to get RM500 per month. Now the state government says they are not going to contribute the RM250. We have to pay RM500 by ourselves"* (E2). Hence, the HR managers in this location are thinking of an alternative method of starting their own internship programme. *"So we were talking about setting up under the MAH umbrella, an apprenticeship programme and then what we are supposed to do is to get the industry experts to be involved"* (E2). If this does not work, then hoteliers in this location will be badly affected. *"So it has come to a stage where the industry is in such a state in Sabah that we are picking people from the villages and all those places and we give them the skills required to work here. There is no choice. Sabah state government doesn't allow for foreign workers. In fact the immigration rule doesn't even allow us to hire West Malaysians. West Malaysian employed in Sabah must have a minimum monthly salary of RM2500. Our challenge here is more difficult"* (E3). With the number of new hotels being built and if foreign workers are not supplied then the industry is going to be badly affected. *"We need to churn out the graduates for the industry. This year alone three new resorts are to open here. I think the Ministry of Tourism and the government must really realise that we have an issue…if we want our tourism to bloom and we at a stage where we are short of talent"* (E2).

However, there are some 'positives' with government policies too. The government is running some economic corridor projects which provide opportunities for fresh graduates to acquire additional soft skills and to prepare for their career. *"When I started doing a search and calling around people, and luckily the Northern Corridor Investment Agency (NCIA), they brought the funds, made our lives easier"* (E1).

5.4.5.4 Changing attitudes towards work

Hotels are embedded in industries and societies, as are all other organisations (Boxall and Purcell, 2011). The findings of this study also touched on the context- specific challenges in effective implementation of strategic HRM goals. The change of attitudes towards work was

seen from two perspectives, first industry characteristics and second the new generation entering the workforce. This was echoed by one respondent, *"There are two ways of looking into this…one is the industry itself has a unique demand and culture by virtue of its long operation hours and service expectations. Secondly, the behavioral aspects of the local people. There is a room for improvement where work ethics and commitment is concerned"* (B2).

Most respondents felt that the new generation and junior staff are not suitable for this industry which has a reputation of being 'rough and tough'. *"But the junior staff don't understand that. They are the new generation. They not used to tough life. Everything must be easy. So when they cannot stand it anymore they leave, some abscond. So we managers have to suffer"* (A2). Another respondent made comparisons between two generations, "*Nowadays the youngsters are feeling that…it is not like those days…see those days people think about work…that is important but now -days they think work is secondary…for them enjoyment is first. This basically goes to the values of their lives. How they have been brought up. Particularly Langkawians (referring to the local people), very, very difficult to make them understand".* (C2). This definitely poses problems to the HR and department managers relating to the passion the workforce has towards the job and industry. "*The younger generation hoteliers just see it as a job…they don't see it as a career"* (E3).

The younger generation has different characteristics, which does not mean they are wrong, but it may raise concerns if these characteristics are not suitable for this industry. "*They want to achieve success very fast, which is quite difficult in this industry. So, achievement of success will take stages. But here they want it fast. So during that time they find other hotels are offering more…so they will leave. This is the problem"* (C3). The younger generation is well provided for and do not see a need to work long hours and do 'dirty' jobs. *"They have everything. They ask why should I clean rooms?"* (D2). One respondent said in frustration, *"I don't know…maybe they have all become too pampered…too spoilt…"* (E1). These younger workers prefer flexibility and autonomy in deciding their career paths and lives, and this might not go well with the expectations of the industry, *"They don't like to stick to one place…there is no loyalty…put it that way…What they want is to make some money…save it…and when they are bored, they want to travel. They don't want a full-time job. They want to enjoy life"* (IE3). Most participants belong to the older generation and it was quite clear that there was a tendency to quickly label the new generation as not having a sense of direction, without actually

understanding the diversity that exists between the generations. *"I don't know where they are leading to. Some of them don't have a vision…and their attitude?"* (C2).

The findings also suggested that younger generation employees in Malaysia are not keen to travel. Lack of willingness to travel was identified as another factor that led to the lack of interest in this industry, *"Alright…I work in a chain because I want to travel. If you say you don't want to go out then you have failed…That's the reason why many of them do not end up in the industry. They realize the reality…I have to pack my bags from my mum's house and move out. Some do travel but after some time and they feel this is not for them and they come back to their plantations here"* (E1). Staying back home, they have other options rather than working in hotels. *"There are so many things that they can do. They can work in a supermarket these days…they are so much happier"* (E2). Some employees come from remote areas and find it difficult to settle in bigger cities. *"Coming from the villages and remote areas, they face huge cultural shock"* (E3). But coming from remote areas also has its own advantage. The same respondent commented that these employees, from remote areas, are more warm and hospitable. *"I guess because of the culture, people here are more friendly and warm. Even if they are not as efficient as how we want them to be, but the guests are happy to put up with the inefficiency of that"* (E3).

The attitude of 'passion' is a basic requirement, as commented by most respondents. The challenge is in bringing out that passion in the younger generation. *"Basically I think hotel industry is an industry that you need to have passion. It is in the hotelier's blood…if you have to go back at 5pm sharp then something is wrong. And to clock in at 9am in the morning too is not something normal. And I think this passion is lacking in the industry now"* (B1). *"I always say that there is no passion. It is not a job. This has to be our home. Three quarters of our time is spent here. Home is a place that we go back just to sleep. The younger generation is lacking this passion"* (E3). Due to the lack of passion and sense of belonging, some managers become more cautious in managing these employees. This might lead to an unhealthy industrial relationship. *"So you got to be one step ahead of them… I tell you this people, you turn your back for two minutes…that's it. They just do what they want to do because they don't have a sense of belonging…the passion. They don't have a reason why they are here. This is just not their cup of tea"* (E1).

The findings revealed the rather informal and close relationship between middle- level managers and front- line employees.   One respondent who had worked in various hotels observed this behaviour and was certainly disturbed by it, *"And also they like to be 'buddy-buddy'. I don't know if this is the Malaysian culture or syndrome, they like to be buddy-buddy with their associates".* (B3).   This behaviour according to him, is counterproductive especially when it comes to disciplining employees, "*It is very hard if you are very close with your associates and if you have to fire them later"* (B3)*.*

The challenges in strategic recruitment and selection are summarised in Table 5.13.

SHRM Challenge	Illustrative Extracts
Challenges in strategic recruitment and selection	***English language challenge*** 1. *"I must say, in terms of quality, you know here I am interviewing the graduates, who could hardly speak English" (C1).* 2. *"Then we have the foreign workers. Most of them don't speak English. At times we get fed up trying to explain something to them"* (A2)*.* 3. *"You have them coming for interviews and the minute you ask them a question and they ask you "Can I speak in Malay?" Should we be educating our tourists to learn Malay before they visit our country?"* (E3)*.* ***Education Policy*** 1. *"70% of students that come out from hotel colleges never end up in hotels. They end up in all kinds of different things"* (A1)*.* 2. *"Many youngsters now take up hospitality courses because it is the shortest and the cheapest"* (E2)*.* 3. *While they studied hospitality or tourism etc. but they have no idea of the conditions of the Malaysian hospitality landscape or whatsoever"* (C1)*.* ***Policies on labour*** 1. *"We are trying to get them (foreign workers) in. The local laws are not so favorable"* (B3)*.* 2. *"Of course we have a challenge of recruiting foreign workers. We will be lying if we say we are not."* (D1)*.* 3. *"We need to churn out the graduates for the industry. I think the Ministry of Tourism and the government must really realise that we have an issue"* (E2)*.* ***Changing attitudes towards work*** 1. *"They are the new generation. They not used to tough life"* (A2)*.* 2. *"I don't know…maybe they have all become too pampered…too spoilt…"* (E1)*.* 3. *"Basically I think hotel industry is an industry that you need to have passion. It is in the hotelier's blood…if you have to go back at 5pm sharp then something is wrong"* (B1)*.*

Table 5.13   Summary of illustrative extracts for 'Challenges in strategic recruitment and selection' theme

5.4.6   Challenges in strategic training and development

This section highlights the challenges General Managers, HR professionals and line managers face in implementing strategic training initiatives. All three groups shared similar predicaments, and their concerns and challenges on strategic training are analysed from the perspectives of general importance of training and development, identifying training needs and budget, new staff induction programme, the challenge of retaining employees who are trained, managers' role in training and development and, lastly, the challenge of training versus staffing stability.

5.4.6.1 General importance of training

The findings showed that there is a lot of emphasis on training and development in the hotel industry. The importance of training and development is embedded in every part and process of the hotel. *"Training is a culture in the service industry.   You can't run away from this responsibility. It is embedded into everything we do here. From check in to check out"* (B1)*.* One respondent said that *"Training is a given.   It has to be mandatory for strategy implementation. It is like blood in the body"* B2). The nature of business in this industry is such that training becomes a norm for all departments.   There is a high turnover of staff, labour scarcity and high expectations on service quality.   These conditions make training and development strategically important. *"I put a lot of importance on training because looking at the conditions in Malaysia, to find any quality staff it is very difficult. So we have to train them"* (E1)*.*

The findings also showed that most hotels had training-related KPIs, "*Our KRA is within three months confirmation taking place with all the training for product and service being completed"* (B3). "*We have compulsory training for staff"* (C2): "*I have to complete six hours training for each staff…per month"* (D2)*. "We have a policy of four training hours per employee, per month* (A3)*.* While most training is done on-the-job or hands-on, almost all employees are required to attend some form of training, *"Of course, we have to train the fresh people. But most important is the hands-on. That's where we can improve them"* (C1)*.*

Hotels do rely on support from external training providers in delivering training programmes. While there are initiatives in looking for and grooming the required talent, relevant authorities, both government and non-government, are helpful. *"I was looking for more of positive attitude,*

so that it's easier for me to groom them. We can put in our own values and standards. So, a lot of hard work. I will not say we have succeeded in it yet…a lot of training going on with NCIA, with MAHTEC" (C1)*.*

The findings also revealed that most hotels focused on training initiatives more than they focused on developmental initiatives. *"I guess the main emphasis is geared towards training. Development is on a case- to- case basis"* (B1)*. "No, we have not done anything as such"* (C1)*.* The General Managers however agreed that while development is on a case- to- case basis, it is necessary. "*But I definitely believe we should invest in people"* (D1)*. "We must have a long term plan"* (A1)*.* One General Manager suggested that developmental initiatives need not be focused on leadership training and other contemporary courses, *"But do practical based courses. Not all these leadership and motivation management courses. Buy them books. Let them read and discuss"* (C1)*.*

5.4.6.2   Identifying Training Needs Analysis (TNA)

Training Needs Analysis (TNA) is a crucial step in diagnosing the skills gap. The skills gap is then used to determine how much training is necessary to achieve company goals.   The findings showed that most hotels conducted TNA together with the annual performance appraisal exercise. "*We (the HR) interview the GM and department heads and conduct focus groups. For example, chamber maids…what are the competencies required to do a good job?"* (D2)*.* Needs analysis is also based on comments received from guests, *"The gaps are also analysed from guests' comments"* (B3)*.*

The lack of focus on training and development, particularly in managerial development within Malaysian hotels may be associated with a lack of training fund or budget. The findings showed that there is a general consensus that there should be sufficient money for training. The budget for training is limited in most hotels, *"You have to allocate some money for that purpose"* (C1)*.* One respondent vented frustration by saying, *"Number one, there is not enough budget and number two, there isn't enough concentrated effort towards training and development"* (E2)*.* The findings suggest that most owners and top management do not take training and development seriously, *"A lot of owners are all lip service. I mean, I worked in the industry, I know. Owners come and we have conferences every year…we talk…we want to develop staff…everything. At*

the conference, they say that…after that, we try to implement...they say must we spend so much money" (IE1)*.*

All employers in Malaysia are required to make a monthly contribution towards the Human Resource Development Fund (HRDF), which is managed by the Human Resource Development Council (HRDC). Since this contribution is compulsory, most owners take this as a 'forced saving' towards training and development initiatives. The contribution is 1% of total payroll each month. Most employers leave the HR with the money in HRDF as a default training budget. Most respondents were not happy with this. "*Because you see, no doubt, we have the contribution that goes to the Human Resource Development Fund (HRDF). But then, you must also have your own internal budget which the owner has to give for training. If you got hundred thousand in HRDF, owners should top up another hundred thousand"* (IE1)*.* Another respondent, an HR manager, too agreed with the above notion, "*You see the other problem is the concept of approving training programmes under the approved list of Human Resource Development Fund (HRDF). The training budget is as much as your HRDF contribution. There is no top-up. They want you to exhaust the HRDF which is very ridiculous. There should be a percentage of the payroll allocated for training budget instead. Training is an investment, not an expense. You can ask (CEO of MAH), how many people attend his training programmes? The answer is zero!"* (E2)*.*

But training alone may not be sufficient. Employees expect better compensation as their level of skills improves. While having a big training budget is helpful, employees also need continuous recognition along the way. It isn't a straight-forward challenge for the management. As one respondent shared, *"I think training has to be a long- term commitment. There is an old saying…"Hilton trains and Marriot pays'. So if you keep training me and paying me well, there are no issues"* (C1). One way to justify the heavy development of staff is by tying them with a training bond to ensure that they take it seriously. *"You bound them with a contract. The people we hired from NCIA, we bound them. They have to finish their training successfully until 2011 July. If they leave in between, they will have to pay RM15000. We wanted to put something in there so that they take it seriously"* (C1). Employees do not want to be bonded with a company for long. They might not be interested in embarking on a development programme if the bonding period is long. One participant proposed that a two year bond is a workable formula, *"The whole idea is to train the fellow for about a year, then put on a bond for another year…at least we will have him for two years"* (E2).

5.4.6.3 New Staff Induction

It was suggested in the literature that hotels, like any other organisation, should give importance to induction because it enhances employee retention (Cheng & Brown, 1998). To be effective, induction should be formally conducted (Sun *et al.* 2007), if possible, in the first week of employment (McGunnigle & Jameson, 2000). The findings showed that hotels placed different emphasis and level of importance on induction programmes. Some hotels conduct follow-up induction programmes, "*Orientation programmes are conducted by HR and every six months we have a re-orientation programme. So they are very hands- on*" (D1).*"Our induction programme is for one day"* (A3), "*Orientation is on-going" (C2), "I do my own orientation after HR did theirs*" (B3).

On what is discussed and the type of information shared during the induction, the findings showed a mixed response. Most induction programmes started with HR going through the employee handbook and instilling the core values of the organisation, for example, mission and vision *"We tell them the do's and don't's"* (A2). *"Most of them are school leavers. They don't understand mission and vision stuff. We keep it straight to the point by giving them the information they need to survive on the job"* (D1). The short duration of induction and a narrow focus is understandable given the high turnover rate and scarcity of labour. One respondent related her experience pertaining to her own induction programme when she started working in this industry, *"I remember the days when I started in Singapore. I went through a one week programme as a new staff. Before I am put into my job. But here on the first day you are required to work straight away"* (E3).

Another interesting point raised by the same participant was how to inculcate a 5-star service requirement into a new staff. How can they appreciate what 5-star expectations are until and unless they have experienced it themselves? *"But the problem or challenge is how do you inculcate a 5-star service to a staff? I don't have the luxury to stay in a 5-star hotel…I can't afford to walk in and eat in Shangri-La…I have never experienced 5-star…So how are we to tell them what is 5-star?"* (E3).

5.4.6.4 Training ground – train staff and they leave

Due to the challenge of labour scarcity and high staff turnover, as highlighted earlier, most hotels have become a 'training ground' and feeder of talent for other hotels. "*First of all there is a zero talent base…we develop the talent"* (A1). "*What kind of a workforce do you end up with? You end up with a zero- based and zero- skilled workforce. We train them and they leave us after that". You cannot retain the talent because you do not have the paying power to retain the talent"* (E1). Malaysian hoteliers mourn that their foreign counterparts enjoy the fruits of their hard labour of training employees. "*You look at the standard of service in Singapore, Macau etc…Where did they come from? Where were they trained? They did not enter Singapore if they never had a base of training and knowledge"* (E1).

The findings suggested that independent hotels suffer in this war of talent. These hotels receive 'raw talent' and spend time and money to 'mould' the right talent. They have to invest in extensive training to compete. *"If you ask an employee to choose between a chain hotel and independent hotel, he will choose a chain hotel for its chain affiliation. We will get the second grade, so we have to train them"* (C1).

5.4.6.5 Line managers' role in training and development

Some General Managers felt that line managers lacked necessary skills in strategic implementation. *"I would say our middle (line) managers. You know…your role as a leader…managing employees and all that"* (D1). This could be because some line level managers are promoted from within and may not be ready for the position. *"Here in this hotel…they are all promoted from within. So they have little management experience, outside of this hotel. So it is for us to train"* (D3). The area of training recommended for most line managers is their role as leaders and managers, *"More of attitude. They don't know what their role is moving from a supervisor to an assistant manager and from assistant manager to manager"* (E1). Attitude is given precedence over technical skills in some instances. One General Manager felt specific or technical skills can be easily picked up by anyone in the hotel industry. "*I can teach any fool to serve coffee…the guy makes three mistakes and three times I can teach the guy. But to get him to do it right is not a skills training you know…it is an attitude training. Which is learning how to treat a customer and finding the right choice of words"* (D1).

Besides, to enhance their capability as trainers, line managers are taken through the Train-the-Trainer course. However, there seems to be no follow-up after the training. *"Ya, we have done that…it was a nice and exciting training but after the training everyone is excited and after some time it dies off"* (D3). Lack of time for training is another challenge, *"but you don't have time"* (B3). In some cases, the lack of time coupled with lack of manpower result in a classic scenario: *"So it has come to a level that HR can recruit people, but if our line are not able to coach and mentor the new staff it is going to be another problem. It comes to a point where I have a one week old staff training a one day old staff!"* (E3).

The structure of training function is important, in ensuring implementation of training initiatives and in top management demonstrating its seriousness in training. One respondent strongly felt that there must be a full-time training manager to oversee and manage the training function. Having a corporate or group training position alone is not effective. In his words, *"A lot of hotels give lip services to training. Being an ex- training manager, I have seen that. That's why I left. Being a training manager was the most frustrating thing. Take this hotel for an example. They recognize that training is important, but they don't seem fit to give all properties a training manager. They appoint a Corporate Training Manager who is in charge for the whole Group, one person. And then they take all our budgets and lump it to him. He manages the budget and becomes the all mighty king! As a Director of HR I have to ask for his permission to run a programme. He is never in any property, sits in his office all the time. The Training Manager has to be a hands-on person. If you are serious about training, you got to put a Training Manager full time"* (E2).

5.4.6.6 Training vs. Staffing stability

Training initiatives are affected by the sufficiency and stability of staffing *"You see, 20 years ago we had the luxury of manpower and the luxury of doing training. For example F&B, you hire a new staff and he doesn't serve the customer for three months. The first week he will just wipe the plates. Maybe in the second week he is allowed to clear plates. You are not allowed to even open your mouth. After one month you may allow him to start greeting customers. Then slowly into taking orders. Those days only captains and managers will take orders. So the guy gets a good training and stays long because the cultural shock is managed"* (E2). It is quite

challenging to have hotels going through training programmes in that fashion with the current conditions. "*Today, lack of manpower. First day they arrive and we throw them at the end of the pool! You swim or drown*" (E2). In other words, training systems will only work if there is stability in manning.

Some hotels use the excuse of lack of manning as the reason for not sending employees for training programmes. One respondent remarked, *"I'm asking you to send one person. Without that one person, the hotel still runs. If one person is on sick leave, how do you run? It's just, end of the day…I always believe it's going to do with passion. You got to have passion in any job you do…whether you be a waiter, garbage collector, or you going to be CEO of the company. You need to have the passion"* (IE1).

On-the-job training (OJT) and coaching on- the- spot is the preferred method of training, given the challenge of lack of manpower. *"There is a lot of 'on- the- spot corrections'. We tell them it could have been better done this way…you know"* (E3). As mentioned previously, the need for training is related to the challenges of recruiting appropriate staff. *"I would say that naturally there is a lot of pressure on HR. If you can't give us the staff then how can we operate? And HR says that they have exhausted all their means…they have tried their best to find for staff"* (C3). So, most managers are left with no other option than to train their employees, *"The only thing we can do now is how to educate and bring the level of the staff up"* (B3).

Issues are exacerbated when the hotel is at full service capacity *"When we have big functions…when occupancy is high…basically just getting the bodies in. It is a challenge. After getting the bodies in getting them trained is another challenge"* (E3).

Table 5.14 summarises the challenges in strategic training and development.

SHRM Challenge	Illustrative Extracts
Challenges in strategic training and development	**General importance of training** 1. *"Training is a culture in the service industry. You can't run away from this responsibility. It is embedded into everything we do here. From check in to check out"* (B1). 2. *"I put a lot of importance on training because looking at the conditions in Malaysia, to find any quality staff it is very difficult. So we have to train them"* (E1). 3. *"I guess the main emphasis is geared towards training. Development is on a case to case basis"* (B1). **Identifying Training Needs Analysis (TNA)** 1. *"The gaps are also analysed from guests' comments"* (B3). 2. *"A lot of owners are all lip service. I mean, I worked in the industry, I know. Owners come and we have conferences every year…we talk…we want to develop staff…everything. At the conference, they say that…after that, we try to implement...they say must we spend so much money"* (IE1). **New Staff Induction** 1. *"Most of them are school leavers. They don't understand mission and vision stuff. We keep it straight to the point by giving them the information they need to survive on the job"* (D1). 2. *"But the problem or challenge is how do you inculcate a 5-star service to a staff? I don't have the luxury to stay in a 5-star hotel…I can't afford to walk in and eat in Shangri-La…I have never experienced 5-star…So how are we to tell them what is 5-star?"* (E3). **Training ground – train staff and they leave** 1. *"First of all there is a zero talent base…we develop the talent"* (A1). 2. *"What kind of a workforce do you end up with? You end up with a zero based and zero skilled workforce. We*

	train them and they leave us after that". You cannot retain the talent because you do not have the paying power to retain the talent" (E1). **Line managers' role in training and development** 1. *"Here in this hotel…they are all promoted from within. So they have little management experience, outside of this hotel. So it is for us to train"* (D3). 2. *"More of attitude (problem). They don't know what their role is moving from a supervisor to an assistant manager and from assistant manager to manager"* (E1). **Training vs. Staffing stability** 1. *"Today, lack of manpower. First day they arrive and we throw them at the end of the pool! You swim or drown"* (E2). 2. *"When we have big functions…when occupancy is high…basically just getting the bodies in. It is a challenge. After getting the bodies in getting them trained is another challenge"* (E3).

Table 5.14   Summary of illustrative extracts for 'Challenges in strategic training and development' theme

5.5 Summary

The purpose of this chapter is to offer, through empirical evidence, illustrations of the strategic formulation and implementation challenges faced within the Malaysian Hotel Industry.

This chapter has explored the challenges Malaysian hotels face in formulating and implementing strategic human resource management, through an analysis of the interview transcripts. The uncertain business environment leads to challenges between intended and realised strategies. Besides, HR's position in corporate office is often seen as a paradox if they are indeed perceived as strategic partners. This is exacerbated by the fact that most hotels do not hold HR accountable for strategic outcomes, which was revealed in the findings that showed evidence on lack of HR- related KPIs. Leadership was also seen as a key factor in the process of ensuring effective strategic formulation and implementation of HR strategies.   Differing perceptions of SHRM and strategy in general between top management, HR professionals and line managers is another challenge hotels are faced with.

The often strained relationship between HR and other department managers, demands HR to be more involved in operational matters and to be seen as profit centre. High staff turnover and labour scarcity are among the top concerns in strategy implementation concerning recruitment and selection. Other challenges in strategic recruitment and selection included government policies on labour, the decline in the proficiency of English language, education policy, and attitudes towards the hotel industry. This chapter also addressed various strategic training and development challenges impacting on the general readiness of hotels in embracing SHRM.

The strategic formulation and implementation challenges illustrated in this chapter will be evaluated and synthesised with existing literature, in the next chapter.

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Chapter Six

Discussion relating to the Malaysian Context

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6.1 Introduction

This chapter evaluates the findings with respect to the central theme of the thesis which is to identify the challenges in strategic HRM within Malaysian hotels, particularly in the areas of recruitment and selection, and training and development. The findings highlighted in Chapter Five are discussed with reference to the literature reviewed in Chapter Two and Chapter Three, which focused on three analytical levels, namely, organizational, industry and societal. This chapter demonstrates where the research findings either contradict or coincide with the literature review. Being a professional doctorate, this research provides twin contributions: to the theoretical knowledge relating to strategic human resource management and to the professional practice of managing SHRM in Malaysian hotels.

This chapter, therefore, addresses the research objective:

- To synthesise the challenges in strategic HRM within Malaysian hotels with existing literature in order to advance understanding of organisational, industry, and societal challenges in the Malaysian context

The themes in the template analysis presented in Chapter Five are now discussed according to the three analytical levels (Boxall and Purcell, 2011) introduced in Chapter Two, namely; organisational, industry and societal.

Analytical Levels	Specific themes	Sources of the factor affecting the hotel's practices
Organisational	• Intended versus realised strategies • Strategy Integration • Absence of clearly defined HR- related KPIs • Perceptions of SHRM between top management, line managers and HR managers • Recruiting effective HR managers • HR's position and acceptance of HR as a strategic, corporate level partner • Leadership and support from top management	Internal

Industry and Societal	• Partnership between HR and line managers
	• HR's involvement in operations: being seen as a profit oriented department
	• Challenges in strategic recruitment and selection
	  • Staff turnover
	  • Labour scarcity
	  • English language challenge
	  • Education Policy
	  • Policies on labour
	  • Changing attitudes towards work
	• Challenges in strategic training and development
		External

Table 6.1   Three analytical levels and relevant corresponding themes from the findings of this study

Table 6.1 illustrates the three analytical levels and the specific themes from the findings of this study. Organisational level relates to internal source of factors affecting the hotel's practices. Industry and Societal levels relate to the external source of factors affecting the hotel's practices; professional and external government/political- related factors. The internal and external sources of factors are not mutually exclusive, and hence are divided by a dashed or

dotted line. While it is helpful to make an analytical distinction between internal and external sources of factors, this is not a perfect distinction (Boxall and Purcell, 2011). In addition to that, the industry and societal levels of analysis have been combined in Table 6.1, as the current study found these two levels complement each another. For example, government policy on foreign labour is regarded as a societal challenge that results in labour scarcity. Nevertheless, labour scarcity is also contributed by the changing attitudes towards works within the hospitality industry due to the challenging features of hospitality jobs. Therefore, labour scarcity is both a societal and industry challenge faced by Malaysian hotels.

6.2   Strategic HRM challenges seen from the organisational level

This section will discuss the research findings surrounding strategic HRM formulation and implementation challenges based on the organisational level. The discussion is structured around the following themes that emerged in the data analysis:

- Intended versus realised strategies
- Strategy Integration
- Absence of clearly defined HR- related KPIs
- Perceptions of SHRM between top management, line managers and HR managers
- Recruiting effective HR managers
- HR's position and acceptance of HR as a strategic, corporate level partner
- Leadership and support from top management

6.2.1   Intended versus realised strategies

The research has found that top management looked at strategic human resource planning differently, depending on the nature of business ownership and branding. Hotels in Malaysia, however, do put in writing where they are, where they want to go, and how they plan to get there (Karadjova-Stoev & Mujtaba, 2009). This is done in both formal and informal ways, as strategic planning, to hotels in Malaysia, can be both a 'planned' or an 'emergent' outcome (McGee, Thomas and Wilson, 2005). Malaysian hotels have vision and mission statements outlined for employees and the management team is responsible for communicating these to employees. The research found that the process of environmental scanning and strategic

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planning does not involve all managers and, in some instances, not even the HR Manager. If strategy is also considered as "the process by which the basic mission and objectives of the organisation are set" (Tichy, Fombrun, & Devanna, 1982, p.47), the involvement of managers from various departments in the process of environmental scanning and planning seems crucial. Top management and owners of hotels decide on the future direction of the business and it is then cascaded down to all employees. There was no clear evidence of sharing of experiences that might have provided instances for hotels to link business and human resource strategies. Business ownership is defined by chain versus independent hotels, while branding is defined by local versus international brands. The segment of international brands or international chains can be further divided into two. One is a case where a hotel is owned and managed by an international chain, and the other is a hotel that is owned by a local property company and managed by an international chain. Hotels owned by property companies have to deal with the uncertainty of continuation. Converting hotels that are located in prime areas into residential properties gives the owners a better return on investment. In these hotels, the integration between business strategy and the human resource strategy does not happen in a formal matter but with 'so called the hindsight' (IE2). In a similar vein, hotels managed by international chains and owned by property companies often find themselves in a debate on who should decide on HR systems and policies. The business strategies of property companies and the managing hotel are often competing in seeking precedence. Moving further, the study found that most hotels maintain sufficient control over HR policies and practices and allow minimum or no interference from property owners. Regardless of the nature of business and branding, strategy still existed in hotels, which concurs with the literature:

'*It is possible to find strategy and strategic plans in every business because it is embedded in the important choices that managers and other employees of the firm make about what to do and how to do it'.*

(Boxall & Purcell, 2011, p.40)

Besides, this research found that strategic human resource planning in chain hotels is more organised in comparison with independent hotels. There were better career development opportunities for employees within the chain. Chain hotels also had standardised human resources practices advocated by the headquarters to guide local HR managers. Independent hotels enjoy flexibility in formulating strategy and linking it with HR strategy. Strategy was not only restricted in competing with one another, hotels demonstrated a spirit of working together

for a win-win strategy. The research found that hotels generally work together in a particular destination to attract visitors or tourists to their location. This business strategy of collectively attracting visitors, which is seemingly logical, has a potential to be further linked, as discussed by one human resource professional (E2), to other human resource strategies like shared-training initiatives and mobilising human capital between selected hotels.

Prior to a business strategy being developed in hotels and even before it is linked with human resource strategy one important consideration is the demand of hotels and rooms in Malaysia or in a particular geographical area. Although visitor arrival is growing by the year (Malaysia Prime Minister's Department, 2010) it cannot be construed that there is a concurrent demand for hotel rooms in the country. This research found that hotels are careful in formulating strategies for business growth and demand for rooms, and not being falsely led by mere statistics as it was stated by one respondent: "*I might have the money to build a hotel and run it for six months…but after that you are leaving me to die*" (E3)*.* It was highlighted that government's involvement should be enhanced by providing adequate statistics for use in guiding business planning and expansion.

The challenge faced by Malaysian hotels in achieving intended HR practices is a growing concern, as highlighted by the findings of this research. It is not uncommon for businesses to experience differences between intended and realised business strategies (Lengnick-Hall & Lengnick-Hall, 2009) as well as between intended and realised human resource strategies (Truss and Gratton, 1994). The research found that while top management in Malaysian hotels cascaded intended strategies top down, the same is not done in communicating emergent strategies. The issue of intended versus realised strategy is discussed from two perspectives: firstly, why is realised strategy different from the intended one? And secondly, what challenges do hotels face in communicating the emergent or realised strategy to employees? General Managers consider strategy as a process and not an outcome, and the process is not a formal one. By virtue of recognising the process as *informal* general managers are prepared to see intended strategy *transforming* into emergent or realised strategy. This readiness to accept changes in strategy direction and outcome is attributed to the volatile business environment, which often is unpredictable and uncertain. The world economic crisis was cited as the main contributing factor to this challenge. Hotel managers may initially communicate to its employees that the goal is to provide developmental opportunities for employees by promising more opportunities for external training, and eventually end up changing the strategy to restrict it to

internal training and developmental initiatives, due to poor business. Besides, as some General Managers and HR professionals commented, hotels could have a plan to reduce labour cost by hiring cheaper labour from other developing countries and are not able to do so because of change in government regulations on labour. The respondents have no control over these challenges posed by the external environment. They hope the economy will improve and plead to the government to address some pressing issues in labour policies. What the respondents feel is within their control and requires attention are the internal systems which include challenges pertaining to the different perceptions of SHRM between the different levels of managers, measuring the outcome of HR polices and the partnership between HR and other managers. These challenges will be discussed in more detail in the remaining part of this section.

The findings of this research suggested that managers regarded most of the general employees of hotels as not being well- versed in strategy or strategic understanding. It is feared that being upfront and communicating the actual intentions and business plans might be misunderstood if employees cannot comprehend the fact of changing business environment. This leads to a dilemma of holding the truth, as telling the truth was seen as being risky. Emergent and realised strategies concerning budget cuts and policy change in training and recruitment are easy to communicate, while HR issues resulting from possible mergers, disinvestment and acquisitions are considered classified information.

6.2.2   Strategy Integration

This research found that hotels in Malaysia are not very articulate in strategy integration. While some participants shared their experiences and provided examples to show that business strategy is linked or integrated with HR strategy in hotels, there was limited evidence to substantiate this. CEOs and Managing Directors demonstrated a better understanding of the importance of strategy integration compared to HR managers and operations managers. Hotel managers do agree that for human resources to affect strategy there needs to be a fit between an organisation's business strategy and its HR strategy (Lengnick-Hall and Lengnick-Hall, 1988). While managers in hotels do recognise the importance of strategy integration, as acknowledged by the SHRM literature (Schuler & Jackson, 1987; Wright & Snell, 1998), the nature of that fit in most cases implies a generic relationship between the HR systems and the

larger competitive strategy. This research has found that this is not prevalent in Malaysian hotels. In relation to that, this study revealed that *vertical fit* (Baird & Meshoulam, 1988) between business strategy and HR strategy is not something hotel managers are aware of or participate in. *Horizontal fit* (Baird & Meshoulam, 1988), on the other hand, involving fit or integration with other aspects of the HR strategy, is required so that its different elements fit together. Horizontal fit was not examined in detail in this study as only two functions of HR were focused on, namely, recruitment and selection, and training and development. Nevertheless, the research showed that hotel managers in Malaysia do recognise the need for horizontal fit or a coherent approach to managing human resources. The concept of horizontal fit is not just limited to the congruence within the HR department but also with other functional departments. Though HR strategies are regarded as any other functional strategies, but they are different by virtue of the fact that they are intertwined with all other strategies in the organisation (Walker, 1992). Managing the human resource is a very unique function as it provides the resources for implementing all business strategies (Walker 1992). As the literature indicated, the theory of SHRM does not, in fact, advocate a single way of linking HRM to strategy. Most theoretical debate has been consumed with a contest between the two approaches of 'best fit' and 'best practice' (Boxall & Purcell, 2011, p.63). This research found that hotels in Malaysia adopted the universalistic (best practice) approach to strategy. However the respondents did not demonstrate a terminological understanding of these two schools of thought. Malaysian hotels are keen to adopt best practices using the '*big boys*' (E1) as their benchmark. It is, however, not easy to establish which HR practices are universal (Pfeffer, 1998) and how Malaysian hotels conduct the benchmarking exercise in identifying best practices. Besides, HR professionals and line managers can be better involved in strategy integration.

6.2.3 Absence of clearly defined HR- related KPIs

This theme revolves around how the strategic contributions of HR are measured by the hotels. The study of difference between intended and realised strategy should take into consideration the measurement or tools used in assessing the outcomes of strategy. The findings showed that, in general, hotels in Malaysia do not have clearly defined key performance indicators (KPIs) for the HR department. The rather flexible approach towards measuring HR's contributions need not necessarily make it a major SHRM challenge in Malaysian hotels. Rather than being fixated with the outcomes of intended strategy, this flexibility allows the concept of best-fit strategy or emergent strategy to flow naturally. Nevertheless, it was found

that HR departments in most Malaysian hotels were not accountable to report their strategic contributions in a formal written way. In some instances, the KPIs were communicated verbally. The overall business goals and the KPIs of the General Managers are commonly regarded as everyone's responsibility, which gives a general view of integrating business strategy with all department goals. While this practice is acceptable by most HR managers, some line managers voiced their discontentment, especially on training- related KPIs. Malaysian hotels are not inclined towards using sophisticated measuring tools like Balance Scorecards, and some General Managers were not convinced that the effort and cost put into developing and using these tools generate the value intended. Nevertheless, General Managers do not see KPIs as just figures in the reports: some believe HR must be able to show how it is linked to the overall business strategy.

6.2.4 Perceptions of SHRM between top management, line managers and HR managers

Another SHRM challenge found in this study was the differences in perceptions of SHRM between CEOs/General Managers, HR professionals and line managers. This research lends evidence to the classic complaint that HR hasn't successfully justified its strategic importance in many organisations (Lengnick-Hall and Lengnick-Hall, 2009). It was found that there were differences in perceptions of SHRM among the three groups within the context of this research. This could affect the implementation of SHRM by top management if all groups are not 'singing the same song' (Bartram *et al.,* 2007, p.37). General Managers in Malaysian hotels agree in principle that SHRM has to be positioned in a more strategic perspective compared to the myopic view of traditional HRM, while recognising that there is a lot of room for improvement before Malaysian hotels can claim that they practice SHRM. They perceive SHRM as '*common sense'* expected of all managers, who are hired primarily to contribute towards business goals. However, one concern that is associated with the perception on SHRM is the ability and motivation of general employees in hotels in comprehending strategy and its related outcome, SHRM. The research also found that HR managers in hotels believe that SHRM is about 'making more money for the company'. Such a simplistic view could lead to a narrow perception and interpretation of SHRM and ultimately affect the creativity in formulating and implementing SHRM initiatives. An example of the limited view is when HR managers highlighted employer and employee relations as the main objective of SHRM.

The research also found that line managers were not concerned about the differences between HRM and SHRM. They were either not sure about or didn't pay attention to such terminologies, claiming it to be *'old wine in new bottle'* (A2). Nevertheless, on a positive side, line managers viewed SHRM as 'everyone's business' and not particularly confined to the HR department. To them, SHRM contributes to improving the level of service and supports line managers in achieving their objectives, without which, SHRM is nothing but a *'gimmick'* (D3). The expectations line managers have on the deliverables of SHRM and the ability of HR managers in gaining support from line managers in formulating and implementing SHRM initiatives takes the discussion to two related themes, the partnership between HR and line managers, and HR's involvement in operations.

6.2.5 Recruiting effective HR managers

Another important factor that enables the linking of HR strategy to the business strategy is the ability of HR leaders. Other related factors are the readiness of HR to be a strategic partner and HR's position at the corporate level within the organisation. This research found that HR managers could play a more effective role in strategy integration, which is supported by the literature in this respect. To effectively perform the role of a business partner, the HR manager needs to understand the organisation's competitive position in the industry, as well as its business direction (Lawler III and Mohrman, 2003). The quality and capability of HR managers was deemed to be a crucial factor in enabling the integration of business strategy and HR strategy. The term 'quality', as the research found, connotes competency in effective recruitment, labour relations and organisational politics, familiarity with the service industry, hand-on experience, and tertiary education. This definition resonates with the definition of competency by Ismail & Long (2009, p.118) and Inyang (2009, p.65).

The research found that HR managers in Malaysia lack the required competency to function as a strategic partner. The performance of the HR professional as a strategic partner is affected in the organisation if he or she lacks certain competencies (Aitchison, 2007). The rather lacking active participation of HR professionals in strategy integration, as the research found and as discussed earlier, could be addressed if HR professionals in Malaysian hotels possess competencies such as business knowledge, strategic contributions and HR delivery (Ismail & Long, 2009), which HR professionals need to possess in order to function in their strategic

partnership role and to excel in the current competitive environment. The research found that HR managers in Malaysian hotels have technical skills, which include recruiting, selection, performance measurement, training, and the administration of compensation and benefits) as highlighted by Huselid, Jackson and Schuler (1997). However, they lack strategic skills, which require them to design and implement a set of internally consistent HR practices that will lead to the achievement of the organisation's business objectives. Having said that, possessing some or all of the above skills will not provide a solution to the challenge of strategy integration faced by Malaysian hotels. Being more 'competent' makes these HR managers more 'expensive' in terms of their expected salary. The research found that while qualified HR managers are presently available in Malaysia, hotels cannot afford them.

6.2.6 HR's position and acceptance of HR as a strategic, corporate level partner

The research also found that in order for HR to contribute as a strategic partner, the position of HR at corporate level is highly desirable. The credibility of HR is established by the fact that HR is part of the Executive Committee (EXCOM). HR's representation in the EXCOM is seen as a testimony of its strategic importance. Regarding the issue of whether HR is ready to contribute as an EXCOM member, this research found a twofold outcome. General Managers and, in some instances, the line managers in Malaysian hotels feel that while HR is normally automatically given a seat in the EXCOM, they generally lack the ability to function strategically. The HR managers, on the other hand, feel that they are not given enough autonomy and empowerment to make strategic contributions. General Managers expect HR to act in an advisory role, and HR managers are expected to provide a leadership in developing the human resource. This will lead to the availability of necessary capabilities in the organisation, to enact the strategy and drive the implementation process to success (Lawler III & Mohrman, 2003). However, the research found that HR managers have a tendency to see themselves as 'administrators'. This should not be the case as the HR profession has more challenging roles to perform under SHRM. SHRM is a value-added core responsibility that aligns the HR policies and practices with business strategy, unlike the traditional HRM which is transactional in nature (Inyang, 2010).

Ulrich (1998) identified four complementary roles modern HR professionals must perform: *administrative excellence*, *employee champion, strategic partner* and *change agent*. HR managers in Malaysian hotels, while being part of the EXCOM, lack the focus of being a

strategic partner and *change agent* that calls for an ongoing evaluation of the alignment between current HR practices and the business strategy of the firm, and a continuing effort to design policies and practices that maximise this alignment (Inyang, 2010). In explaining the link between HR strategy and business strategy, the respondents in this research have used the term HR strategy, HR systems, HR policies and HR architecture interchangeably. The findings revealed that General Managers, HR managers and line managers used the terms policies, activities, initiatives, architecture, process and procedures interchangeably to describe HR systems when discussing how business strategy is integrated with HR strategy. This is in line with Ulrich (1998), who explained organisational architecture as the organisation's way of doing business, and further described the organisational components – strategy, structure, processes and people. HR's strategic role as a member in EXCOM is of particular interest because of the emerging strategic dimension of HR function - SHRM (Lawler III & Mohrman, 2003). HR managers in Malaysian hotels must be actively involved in key strategic business activities and processes. This includes becoming a partner in decision making, sharing accountability for organising and performing work, carrying out effective monitoring to ensure everyone stays focused on strategic priorities and challenging old ways by constantly promoting innovation (Inyang, 2010). Therefore, to be a strategic partner, the HR function should transform beyond the traditional scope. HR should become a member of the management team, engaging in strategic HR planning (Lawler III & Mohrman, 2003). This was observed as a SHRM challenge in Malaysian hotels. Other researches in Malaysia concluded similar findings on the strategic competence of HR managers, be it in hotels (Ahmad & Zainol, 2011) or manufacturing companies (Long & Ismail, 2010). Ahmad and Zainol (2011) concluded that work experience and leadership skill are crucial for hotel managers to perform their job. Long and Ismail (2010) concluded that HR professionals in the Malaysian manufacturing sector are still weak in certain roles such as strategic partner and a change agent, and this research has provided further confirmation of this.

6.2.7 Leadership Support from top management

In linking business and HR strategy, this research found that HR managers and line managers cited top management leadership as an enabling factor. The findings revealed that leadership is crucial in ensuring hotels successfully formulate and implement strategic HRM initiatives. HR Managers do expect CEOs and General Managers to direct and guide them effectively. The findings revealed that relevant support from top management helps in shaping HR strategic

reforms. HR managers and line managers in Malaysian hotels had mixed feelings about the extent of leadership support they receive in strategic formulation and implementation. The research found two main issues contributing to this. One is the notion of having an expatriate leader and the other is the frequency of change in leadership. Over- reliance on expatriates was not preferred by some managers, both HR professionals and line managers, though it could not be established what SHRM 'challenge' was posed by local versus expatriate leadership, and the existing literature examined in this study did not address this point. Therefore, this is an area for future study. Frequent change in leadership is another challenge in SHRM in Malaysian hotels, especially in independent hotels. The findings revealed that the manner in which change is implemented and the frequency with which it occurs have an impact on the overall formulation and implementation of SHRM initiatives.

Figure 6.1 below depicts the SHRM challenges related to organisational level.
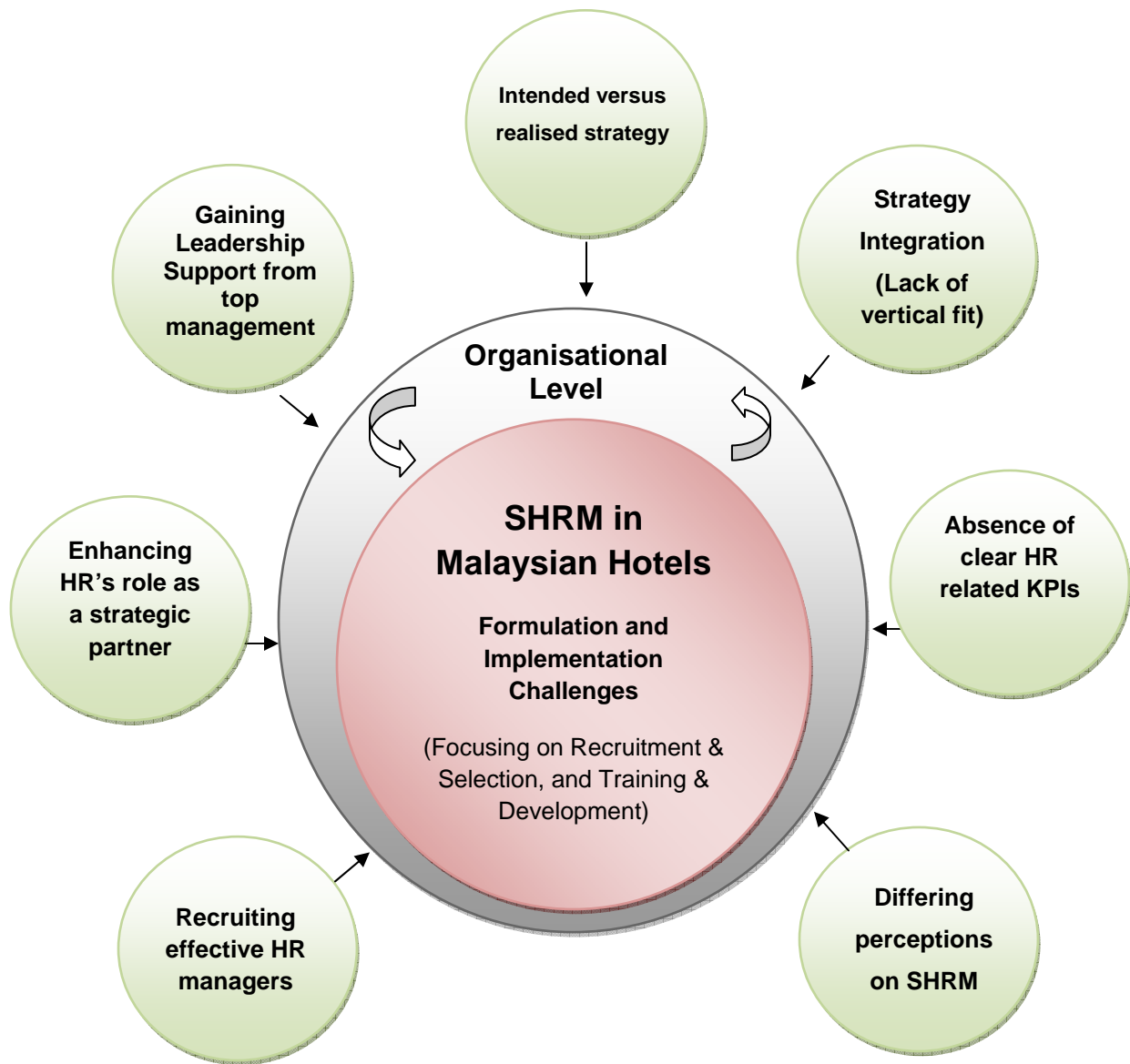
Figure 6.1 – SHRM challenges related to organisational level

Having discussed the organisational level strategic HRM challenges, the following section examines these from the industry and society levels.

6.3 Strategic HRM challenges seen from the industry and societal levels

As mentioned earlier, industry and societal levels form the external sources of challenges. This section will discuss the research findings surrounding strategic HRM formulation and implementation challenges related to the two levels. The discussion is structured around the following themes that emerged in the data analysis:

- Partnership between HR and line managers
- HR's involvement in operations: being seen as a profit oriented department
- Challenges in strategic recruitment and selection
    - Staff turnover
    - Labour scarcity
    - English language challenge
    - Education Policy
    - Policies on labour
    - Changing attitudes towards work
- Challenges in strategic training and development

As highlighted in Chapter Five earlier, the above themes are divided into three broader themes, namely: relational issues involving HR and line managers, challenges in strategic recruitment and selection, and challenges in training and development.

6.3.1 Partnership between HR and line managers and HR's involvement in operations

The findings suggested that the partnership between HR and line managers can be further improved. While the relationship was described as good in general, the spirit was more to 'comply' than to 'understand' and 'participate', and the strategic nature of the partnership was not clearly articulated. The focus of the partnership primarily revolves around the issue of staffing. Little or no focus is given to issues such as the nature and extent of devolvement of HR activities to line managers (Gennard and Kelly, 1997; Hall and Torrington, 1998; Larsen and Brewster, 2003) which warrants more attention. Hotels in Malaysia must explore further the partnership concept, by enhancing the involvement of line managers in HRM, as in doing so there is an organisational value (Watson, Maxwell and Farquharson, 2007). The research found

that there were some tensions and confusion about the expectations of line managers towards HR managers. Line managers' ability is limited in supporting the HR role given their workloads and job pressure (McGovern *et al.*, 1997; Watson, Maxwell and Farquharson, 2007). In some cases the over- involvement of HR in operations is seen as '*encroaching*' by line managers. This confusion is regarded as one of the sources of differences between intended and realised strategy. As much as line managers are willing to carry out HR tasks, they in return question the involvement of HR in operations. One example cited was Food and Beverage (F&B) training. As F&B training is not generic, the HR and Training Manager is expected to visit and spend time in the restaurants to understand what is lacking and how service can be further improved, and only then can HR be an effective partner. Larger hotels faced a slightly greater challenge in this regard, because complexity grows as organisations grow and become diverse. As highlighted in the literature, strategic management is not just mentally hard, it is politically fraught (Boxall & Purcell, 2011). There is always a power struggle between ambitious managers. Malaysian hotels should be aware that without willing cooperation of managers to work together, implementation can become impossible. The study found that HR managers generally lack appreciation and understanding of operational processes. There is a growing concern among General Managers to recruit HR managers who have a basic appreciation of hotel operations. The study also highlighted the initiatives taken by General Managers in ensuring a stronger partnership between HR and line managers. Besides, General Managers encourage and, in some cases, require HR managers to visit and observe various departments to have a better understanding of daily operations. In some cases, the General Managers accompany the HR manager in their daily rounds and visits to other departments. This is seen as a positive step towards establishing the importance placed on HR by top management, as one of the key influences on line managers' attitude towards the organisational importance of HR and its activities (Watson, Maxwell and Farquharson, 2007). The findings revealed that some HR managers do assist line managers in their daily operations especially during peak times, for example in clearing tables in the restaurants, typing letters, arranging check-in and check-out and compiling guests' comments. While effective communication was cited as an enabler in the partnership between HR and line managers, the nature of communication was often to 'inform' rather than 'consult'. HR managers felt that their duty is to communicate the decisions of top management to the line managers.

6.3.2 Staff turnover

SHRM formulation and implementation requires hotels to have the necessary set of employees. The inability to forecast, acquire and retain a stable workforce can halt strategic progress. This study found that staff turnover was one of the major challenges faced by Malaysian hotels, making it difficult for hotels to attract and retain the required talent (Malaysia Prime Minister's Department, 2010). Hotels not only faced difficulties in making competitive job offers but also in retaining its labour (Boxall & Purcell, 2011). As highlighted by the pioneering industrial relations writers, the labour contract is *'indeterminate'* (Sydney and Beatrice Webb, 1902, p.658). Hotels, like other organisations, have limited control over labour and employees are free to resign and seek alternative employment. There are numerous unskilled jobs available in Malaysia. The issue of staff turnover beleaguers General Managers, HR managers and line managers alike. Most of the time, they seem to be left in a predicament because Malaysians generally are not interested in working in hotels and inflexible government policies restrict the hiring of foreign labour. This study revealed that hotels come up with strategies to retain employees they regard as strategically important. Though there is no clear definition of who are 'strategic employees' in the context of this research, General Managers referred to strategic employees as '*key management staff*' and '*management team*'. This is in line with Hales' (2005) definition of strategic managers, which includes general managers, line managers, and department heads at strategic hotel level. Ensuring that the management team is recruited from a close geographical proximity is one strategy used to avoid turnover. Besides, offering good remuneration and career opportunities helps retention within a particular hotel. If turnover is still unavoidable after the above strategies are used, Malaysian hotels have the tendency to promote junior staff into supervision or managerial positions. Some managers referred to this as '*premature promotions*'. While internal recruitment and promotion serves as an effective motivational tool to some hotels, there were concerns of these '*premature promotions*' being counterproductive when staff promoted are not ready for the new challenge. Besides, these prematurely promoted supervisors are not able to lead effectively as they do not command respect from their team members or they just continue to be 'buddies' with their subordinates, and disciplining becomes difficult. Training and developing these supervisors or middle managers was highlighted in the findings, with 'attitude' given precedence over technical skills as the training gap.

Another challenge identified in this study is the turnover of HR managers. Malaysian hotels experience a rather high turnover of HR managers and the frequent change in HR leadership makes the strategic formulation and implementation process difficult. The continuity of SHRM initiatives could be affected in these hotels, as HR managers are expected to be employees with greater line-of-sight (Boswell, 2006). As highlighted in the findings of this research, HR operations in the hospitality industry, by virtue of being labour intensive and service- focused, are viewed as challenging. This causes HR managers to move on to other less challenging industries. The '*mercenary concept*' (IE2) practiced in Malaysian hotels, appears to be a finding that provides some explanation for the high turnover of managers and employees in general. Top management in hotels is prepared to see employees, no matter how strategic their positions are, leaving the hotels from time to time. According to the findings, the inability to pay attractive remuneration is one of the reasons why hotels fail to attract and retain employees. Employees too want to move from one hotel to another, to show in their resumes that they have worked in different hotel settings. The findings noted that two to three years is the average length of service hotels can expect from a managerial position.

6.3.3 Labour scarcity

Staff turnover and labour scarcity is a twofold challenge. Experiencing turnover and not being able to fill vacancies effectively due to labour scarcity adds to the SHRM challenge in Malaysian hotels. Hotels normally control recruitment by not filling vacant positions if the occupancy rate is low. Managers who lose employees due to attrition have difficulties in replacing them due to labour cost controls. Some operation departments have never had full staffing or the number of employees they are budgeted to recruit. Line managers complained that they often end up doing the work themselves. Cost-cutting measures including labour cost control are needed for business survival. However, if staffing levels are insufficient, the findings indicated that line managers are worried about the impact on the quality of service and guests' satisfaction. Housekeeping and Food and Beverages (F&B) departments seem to be the most affected by the labour shortage dilemma. Though to some extent the jobs in these two departments can be regarded as low or unskilled, hotels still find it difficult to attract applicants. This research confirms Boxall and Purcell's (2011, p. 27) view that, '*we should not imagine that employees are passive or lack power resources, even in low-wage, low skill conditions*'. Malaysian hotels, as the research indicated, work together under the umbrella body Malaysian Association of Hotels

(MAH), to address this issue and various solutions are proposed, which include outsourcing, working closely with colleges and improving the '*image of a hotel job*'. Despite working together in addressing the issue of labour scarcity, the study revealed there is competition between these hotels in attracting staff. The research found that international brands are more successful in attracting and retaining employees compared to independent hotels, having better HR policies and career paths for employees through effective succession planning.

6.3.4 Government policies on labour

Another strategic HRM challenge is the political environment or, more specifically, government policies on recruitment and training. This research found that hotels are quite dependent on political support in strategy implementation.   The inconsistency in policy enforcement by government creates a situation that allows for hotels to exercise their political influence on certain government agencies. This supports the conclusion of Sheehan *et al.* (2007) that there is a relationship between the HR function's access to avenues of political influence and perceived organisational performance. Hotels are dependent on government support which includes training (Winterton, 2007) and recruitment of foreign general labour. To manage labour cost and to circumvent high attrition rate within the industry, Malaysian hotels employ a strategy to hire more cost effective general labour from other developing countries such as Nepal, Myanmar and Bangladesh. Recruiting foreign workers benefits Malaysian hotels in terms of providing authentic services, for example yoga (C1). Besides, foreign workers seem to be able to withstand the physical demands of the job, *"These guys can work, do not get tired and all that"* (C3).

However, hotels find it difficult bringing in foreign workers as the policies on recruitment are not clear and enforcement is inconsistent as some hotels are successful in securing these workers while others are not. The government does not have a comprehensive policy on immigration (Devadason, 2011), and temporarily banned the hiring of foreign workers in January 2011 to combat local unemployment. Such policies, built on the concept of short- term focus, are chaotic (Lim, 2009).

As a result, hoteliers are facing the consequences of such short-term and inconsistent policies, *"The policy is not clear. Enforcement is a problem. So that's a big challenge"* (C1). These inconsistent policies could be due to the problems the Malaysian government faces in recruiting

or employing unskilled foreign workers (Kassim, 2004). The government needs to manage the negative consequences arising from the recruitment of unskilled foreign workers, which include communicable diseases and threat to security (Jomo, 2005). On the contrary, there is also an argument that foreign labour and Malaysian workers do not compete for the same jobs. In fact, restricting the recruitment of unskilled foreign workers could generate more unemployment amongst Malaysians as some hotels will find it difficult to operate and might just move their business elsewhere. While the impact of the foreign labour policy on Malaysian economy is debatable, the impact of this policy as a SHRM challenge within Malaysian hotels cannot be underestimated.

Another government policy concerns internship and training. The state government runs an internship programme which it used to partially subsidise the monthly allowances paid to interns. However, the government's recent decision to no longer subsidise the scheme has caused a setback to hotels. The policy on internship needs to be re-examined. The study also found that in selected parts of the country there are government sponsored 'economic corridors projects' being initiated. These projects offer graduate training schemes for new graduates to acquire additional industry- relevant skills and prepare them for a career in the hospitality industry. Hotels that have benefited from these schemes have embedded this initiative as part of their business strategy to acquire and train employees.

6.3.5 English language challenge

Poor command of the English language, which is linked to the education policy within Malaysia, was found to be another challenge affecting SHRM in Malaysian hotels. The lack of ability to speak in 'reasonable' English, amongst Malaysian or foreign workers and job applicants, is seen as a drawback in achieving strategic initiatives. While the Malaysian government aspires to accelerate the tourism industry as part of the Economic Transformation Programme, the 'global dominance' and business value of English language cannot be ignored (Wilson, 2005, p.334). Ranking third out of five countries within the region in the English Language Assessment, the English language challenge is not only restricted to the hospitality industry, as many multinational companies setting up their base here (Rajadurai, 2004).

As guests became more diverse, hotels require employees to converse in English, and this has a direct impact on the level of satisfaction that the guests enjoy during their stay in these hotels (Thitthongkam and Walsh, 2011). The challenge is then extended to the issue of lack of confidence when conversing in English with international guests, especially those from Europe or the Americas.

The research also found that applicants perform badly in job interviews as a result of poor command of the language. Some managers complained that applicants are unable to understand even basic questions asked in English in interviews. This slows down the recruitment and selection process, with managers trying to understand and comprehend the responses of the candidates who do not articulate well in interviews (E3). Though English is not the medium of instruction in Malaysia, it is widely spoken as a second language. Over the years, due to the changing political agenda in the education policy, the standard of English language has deteriorated.

6.3.6 Education Policy

The decline in the quality of hospitality college graduates is attributed to the rather weak education policy. Malaysian hotels wonder why hospitality colleges are not producing enough graduates for the industry. The possible reasons are the perceived unattractive image of hotel work, the possibility of international students returning to their country upon completion of study, and government- sponsored colleges attracting students who are not genuinely interested in hospitality. Policies, in particular concerning the admission of genuine students into hospitality colleges, are issues that Malaysian hoteliers want the relevant government authorities to look into.

Besides dealing with the problem of hospitality colleges not supplying adequately to the labour demand of Malaysian hotels, the quality of those who choose to work in hotels is also questionable. The Malaysian government's decision to shorten the duration of degree courses from four to three years could have contributed to this situation (Thitthongkam and Walsh, 2011). Besides, the general lack of interest in tourism by younger Malaysians may be due to the fact that government education policy has taken Geography out of the syllabus in primary schools, as highlighted by a policymaker respondent (IE1).

6.3.7 Changing attitudes towards work

This research also illustrated how the changing attitude towards work and the specific characteristics of the new generation impacted turnover and labour scarcity. Malaysians are shying away from the 'three D' jobs – dirty, difficult and dangerous. They feel that they are above some other Asian countries (Harding, 2011). This may or may not be true, but the changing attitude towards work is impacting SHRM in Malaysian hotels, particularly in recruiting workers. Some Malaysians do not want to work in hotels as it is a question of 'pride' (Pereira, 2010).

The hospitality industry is generally regarded as '*tough life*' and managers in Malaysian hotels felt that the new generation is not prepared for such a challenge, preferring more flexibility and autonomy in their jobs. This leads to them having less 'passion' for this industry. As the unfavorable job demands in the hospitality industry make it unattractive to employees, anyone choosing to work in this industry must do so for the love of it (Gunaratnam, 2011). While passion and love for the job is axiomatic in any jobs, Malaysian hotels could look to improve the image of 'hotel work' through redesigning jobs, taking into consideration the characteristics of the new generation. Such rebranding might make hospitality jobs more attractive.

6.3.8 Challenges in strategic training

The findings showed that training and development is not only supportive of, but central to, business strategy (Watson, Maxwell and Farquharson, 2007). In contrast to the literature that suggested there could be difficulties in securing line manager acceptance of HRD responsibilities (Ashton, 1984), line managers in this study were cooperative in participating in training and development activities. Though it is not presented in a clear and structured manner, Malaysian hotels do have training and development plans for their employees, including induction, internal and external training programmes. They do recognise that training and development provide a connection between HRM and business strategy (Garavan *et al.*, 2001), with training being integral in dealing with high turnover, labour scarcity and expectations in service quality. The study found that there is a narrow focus in induction programmes, with new employees being taken through the company handbook and basic HR policies. Though mission and vision statements are communicated during induction, which is regarded as strategic communication, there was a concern about how to inculcate a *'5-star service culture'*

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into employees. The narrow focus on induction is then extended to the narrow focus on HRD, with most hotels emphasising training and not 'developing employees'. With high turnover and short length of average years of service, development is on a case-to-case basis. This lack of development opportunity affects the overall appeal of the hotel industry, in terms of a promising career path and succession planning, and could be a partial explanation why Malaysian hotels have difficulties in attracting and retaining talent. The lack of budget for development and at times even training initiatives is often linked to cost- saving initiatives. This, in a way, seems to contradict the earlier statement made that training is central to business strategy. Top management in Malaysian hotels expect training to be inexpensive and be conducted internally with minimal cost. However, most managers feel that the importance placed on training and development is just a *'lip service'* by top management. Hotels do conduct an annual training needs analysis and identify the skills gap to achieve strategic goals, but are not willing to spend money on training and development. HR and line managers should work together and measure training effectiveness or return on training investment. The research found that Malaysian hotels do not report the return on training. Most training evaluations are formative rather than summative. Full-time training managers should be hired to spearhead this task of evaluating training effectiveness. Another reason for the scepticism for training budgets is the possibility that employees, who receive effective training and improve their skills, join rival hotels for improved pay and prospects. Some hotels, especially the independent ones, are concerned that they are 'training grounds' for their rivals. The findings also linked the challenges of training to labour scarcity, where managers in Malaysian hotels have expressed difficulty in carrying out training initiative without a stable workforce. New employees are trained on a fast track and are expected to perform in a short period, likened to '*throwing them at the end of the pool, and they either swim or drown*'. Linking this challenge to the relationship between HR and line managers, the latter is usually unable to release employees for training organised by the former, stating lack of 'manning' as the reason.

Figure 6.2 shows the SHRM challenges related to the industry and societal levels.

Staff turnover (Impacts service quality)

Lack of importance given to strategic training

Labour Scarcity (Leads to staff poaching)

Industry and Societal levels

Changing attitudes towards hospitality related jobs

SHRM in Malaysian Hotels

Formulation and Implementation Challenges

(Focusing on Recruitment & Selection, and Training)

Non-favorable government policies on labour

Weak policies on hospitality education

Poor command of English language

Figure 6.2 – SHRM challenges related to the industry and societal levels

As a summary, Figure 6.3 illustrates the final conceptual framework for this research. The innermost concentric circle that reads "SHRM Challenges" is the ultimate outcome of this research. The challenges highlighted in this circle are related to organisational, industry and societal analysis, within the Malaysian context.

Figure 6.3 – The final conceptual framework, answering the research question "What are the challenges faced in formulating and implementing strategic human resource management (SHRM), particularly in relation to Recruitment and Selection, and Training and Development, within Malaysian hotels?

Legend:

⬅ Outcome

⬌ Subcomponent

Organisational Analysis

SHRM Challenges

Formulation challenges
- Minimum participation of managers in strategic planning
- Lack of vertical fit
- Absence of clear HR related KPIs
- Differing SHRM perceptions
- Recruiting effective HR managers
- Enhancing HR's role as strategic partner
- Gaining leadership support

Implementation challenges
- Improving HR-Line Manager relationship
- Staff turnover
- Labour scarcity
- Weak policies on hospitality education
- Non-favorable labour policies
- Poor command of English
- Changing attitudes towards jobs
- Lack of strategic training

SHRM

Linking HR to business strategy

Industry Analysis

Societal Analysis

Figure 6.3 highlights the key findings of this research. Challenges related to the formulation of SHRM within Malaysian hotels include– minimum participation of hotel managers in the process of strategic planning; the lack of vertical fit between HR and business strategy; differing perception of SHRM amongst hotel managers; and HR managers lacking the competencies necessary to function as a strategic partner. These organisational level SHRM challenges relate to internal source of factors affecting hotels practices. While this research started with exploring the organisational level SHRM challenges, the importance and interplay of industry and societal influences became prevalent as the research progressed. The findings of this research also highlighted challenges related to the implementation of SHRM within Malaysian ho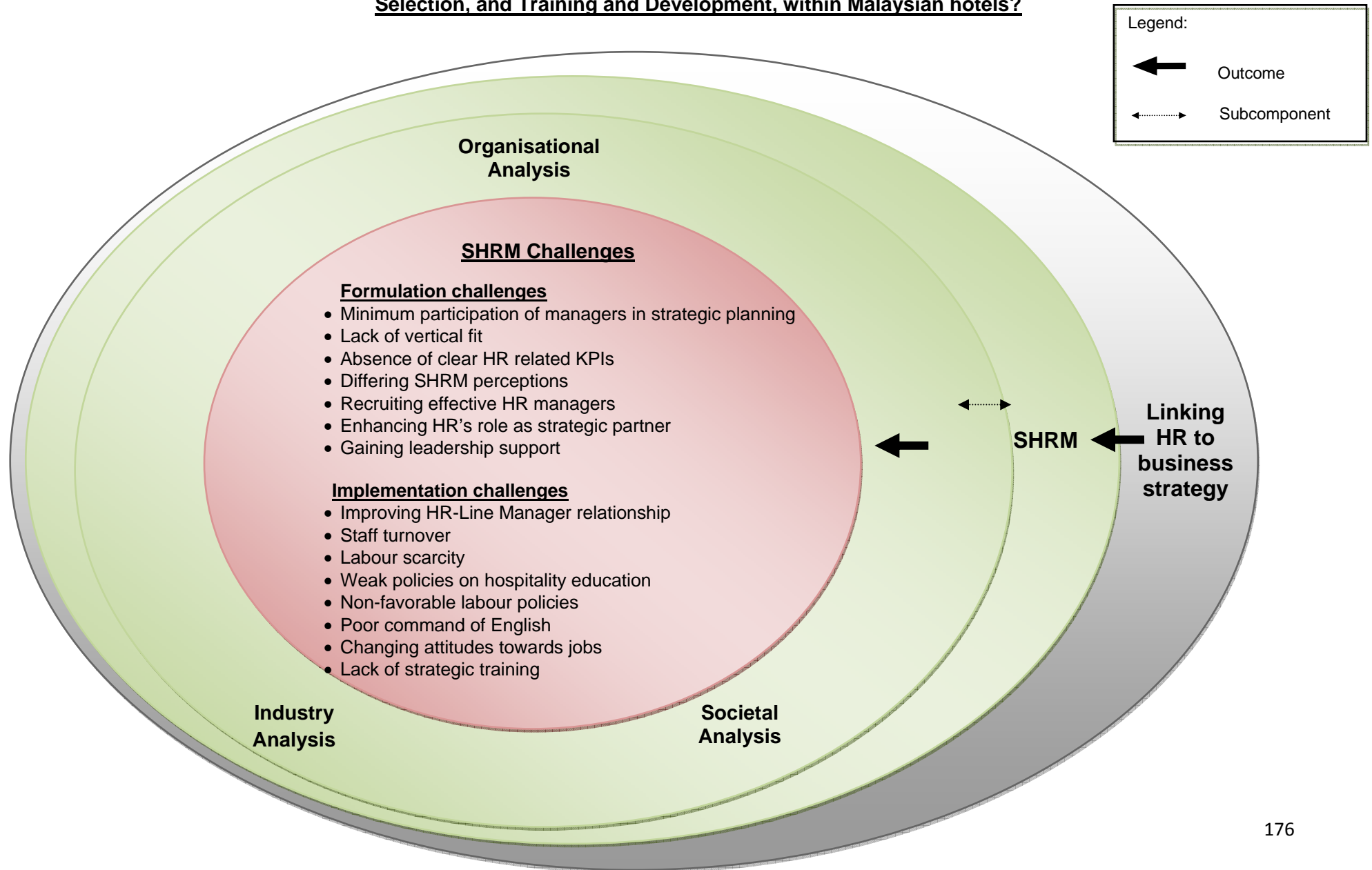tels which include– HR and line manager relationship; staff turnover; labour scarcity; government policies on education and foreign labour; poor command of English; changing attitudes towards work; and the lack of strategic training. These industry and societal challenges relate to the external source of factors affecting hotel practices, as indicated earlier in Section 6.1. It is worthwhile to reiterate that the internal and external sources of factors are not mutually exclusive. Therefore, the findings of this research have shed light on all three sets of analytical levels concerning SHRM challenges within Malaysian hotels.

6.4 Summary

This chapter has discussed research findings in the light of debates arising from the literature review and in the context of the research. The discussion has been structured around the three analytical levels; organisational, industry, and society. The themes identified in Chapter Five were divided into internal and external factors in analysing different perspectives on central issues related to the three analytical levels. The final conceptual framework was presented, highlighting the specific strategic HRM challenges within Malaysian hotels resulting from this research.

The contributions made by this research to both the knowledge of strategic HRM and to professional practice are made explicit in the next chapter.

Chapter Seven
Conclusions and contributions

7.1 Introduction

This thesis has explored the central theme of challenges in strategic human resource management in Malaysian hotels. The aim of this professional doctorate research has been to provide twin contributions: to theory or knowledge and to practice. This research contributes to the understanding of strategic HR challenges, facing the hospitality sector within the Malaysian context. While the research started with a focus on SHRM challenges within hotels or organisations, the conclusions and contributions of this research are also influenced by the industry and societal characteristics of the Malaysian hospitality industry and local context. The findings based on the research questions are summarised in this chapter. Subsequently the contributions to knowledge and professional practice are discussed. The limitations of this study are highlighted and opportunities are outlined for future research. The chapter concludes with reflections on the impact of this research on my personal and professional development.

This chapter addresses the following research objective:

- To make a contribution to understanding the SHRM challenges within Malaysian hotels, and to inform professional practice at professional and industry levels.

The thesis has explored the challenges in strategic HRM within the context of the Malaysian hotel industry from the perspectives of three levels of managers: CEO/General Manager, HR professional, and line manager. My curiosity about this topic grew as a practicing HR manager in a Malaysian hotel many years ago, and I was keen to explore the various challenges Malaysian hotels face with respect to formulating and implementing strategic HR initiatives. This research has allowed that curiosity to be explored in detail. The focus on Malaysia has offered a further empirical contribution on the unique challenges Malaysian hotels face and thus has addressed the existing limited research. From a practice perspective, this research is timely since the hotel industry is growing in Malaysia and the literature has supported the need for hotels to align HR activities with the business strategy.

It is worthwhile to emphasise that the contributions made by this research are generated by data that is context- specific and consequently the findings and conclusions have greatest relevance and applicability within the scope of the selected Malaysian hotels. Other hotels, in Malaysia or elsewhere, may view the findings and conclusions as being relevant to their own situation, provided they are confident that an evaluation of the characteristics and culture of their own situation has resonance with those in this research. Therefore, the findings may be transferable to other hotels, but it is not the aim of this thesis to provide generalisable results (Lincoln and Guba, 1986).

7.2 Moving forward: SHRM in Malaysian hotels

This section will summarise the three research questions this thesis has addressed. As highlighted in Chapter One, this research is about how Malaysian hotels can better prepare themselves in embracing strategic HRM, by being aware of the challenges that they are likely to face, while identifying changes to their practices. The answers to the three research questions below will summarise the challenges ahead and the awareness necessary in ensuring effective formulation and implementation of SHRM in Malaysian hotels, and hence, the way forward.

7.2.1 How is SHRM integrated with business strategy?

The process of strategic planning and linking business strategy to HR systems can be both 'planned' and 'emergent' in Malaysian hotels. Vertical fit between business strategy and HR strategy is not something hotel managers are aware of or participate in. Therefore the participants could not share explicit experiences of linking business strategy to human resource strategy, and overall they were not very articulate about strategy integration. Strategic human resource planning is seen differently depending on the nature of business ownership and branding, but regardless of the nature of business and branding, strategy still existed in all hotels, though was more prevalent in chain hotels. However, Malaysian hotels should consider the HR department and its strategy to be part of the business strategy and other functional strategies, while identifying some if not all the HR best practices that should be adopted. Some factors that influence business goals and business strategies, which are then integrated with the HR strategy, are demand of hotel rooms, projected visitors' arrival and the general economic condition.

Malaysian hotels experience differences between intended and realised business strategy and intended and realised human resource strategy. This study also concluded that communicating intended strategies to employees was easier than emergent strategies, especially when emergent strategies involved less favourable outcomes to employees. The informal nature of the strategic process seemed aligned with emergent strategies, but most hotels withheld sensitive outcomes of tough decisions from employees, as it was deemed that most employees may not be able to understand the challenges of external environment especially the economic crisis and government regulations.

Malaysian hotels could further improve in their strategic outlook by holding HR more accountable, by introducing clearly defined key performance indicators (KPIs) for the HR department. Most KPIs do not correspond directly with the business strategy. Some line managers felt this must change. The use of performance measurement tools like the Balance Scorecard is not very favoured by hotels in Malaysia. Some found it unnecessarily sophisticated while others questioned its cost effectiveness.

It is important that managers at all levels are in 'harmony' with SHRM to ensure successful formulation and implementation of SHRM initiatives. Top management, HR managers and line managers had varying opinions and expectations on SHRM in Malaysian hotels. The level of confidence in SHRM also differed. Some felt SHRM could make a difference while some felt that SHRM is 'old wine in new bottle'. Internal systems within the hotels too led to different perceptions of SHRM between the different levels of managers, measuring the outcome of HR polices and the partnership between HR and other managers.

There is considerable scope for HR managers to play a more effective role in strategy integration within Malaysian hotels. They need to better understand the company's business direction and its competitive position in the market place, as the research found that HR managers in Malaysia lack the required competency to function as a strategic partner. Some of the strategic skills that Malaysian HR managers should possess to contribute effectively in strategic integration are strategic visioning, critical thinking and problem solving skills, deep HR knowledge, and change management skills. The issue of competence may be related to the financial constraints of being able to afford capable HR managers. Qualified and experienced HR managers have better credibility and secure representation in the Executive Committee (EXCOM), which testifies their strategic importance and allows them to contribute towards

strategic integration. However, while being part of the EXCOM, HR managers in Malaysian hotels lacked the focus of being a strategic partner and change agent as they were found to be unnecessarily busy with administrative and operational duties. This contributed to differences between intended and realised business strategy and intended and realised human resource strategy.

Top management leadership is another crucial factor that enables successful formulation and implementation of strategic HRM initiatives. In integrating strategies, HR Managers rely on top leadership to direct and guide them accordingly, and this ultimately shapes HR and its strategic reforms. Frequent change in leadership followed by frequent change of policies and practices had an impact in strategy formulation and implementation. It was concluded that top management could lend better support in facilitating the integration process.

HR and line managers' partnership is another challenge that needs consideration. The spirit of partnership must shift from 'complying' to 'participating', while the focus should no longer just revolve around recruitment and selection, and training and development. Having said that, the 'generic relationship' should be further elaborated with clearly- defined measurement and deployment of HR activities to enable a firm to achieve its goals. HR managers and line managers should also consider other strategic means to add more value to this important partnership. There was evidence of tensions and confusions in respect to this partnership, which led to the differences in perception on SHRM between these two groups. In most cases HR is expected to better understand the operational needs by visiting various departments, talking to the respective managers and being familiar with the hotel's operations.

7.2.2 *What are the experiences and challenges in formulating and implementing SHRM, particularly in relation to recruitment and selection, and training and development, faced by CEOs/General Managers, HR managers and line managers within the Malaysian hospitality industry?*

Staff turnover was regarded as one of the major challenges. Malaysian hotels faced difficulties in attracting and retaining talent. The labour market is unpredictable and outside the control of Malaysian hotels as potential employees have many other options for unskilled jobs outside the hotel industry. Many strategies, some successful and others not, are used for ensuring

recruitment and retention of workers. On more skilled and strategic jobs, including HR managers, the challenge of turnover is not spared. Malaysian hotels should therefore be clear of what they are looking for in HR managers and how effectively they can attract and retain competent HR managers. Premature promotions, one of the techniques used to fill up the vacuum in the supervisory positions, has shortcomings. Malaysian hotels also experience a high turnover of HR managers. Changing jobs frequently, in some cases, is seen as an effort in making the curriculum vitae look more attractive, resulting in two to three years as the average length of service most hotels can expect from a managerial position.

Hotels do not fill up vacant positions if the occupancy rate is not good. Most managers have difficulties in filling up vacancies due to control of labour cost, with some managers not even permitted to hire based on pre-approved budgeted HR plan. This causes most line managers to eventually perform their subordinates' jobs. Even if hiring is allowed, Malaysian hotels face a problem of finding workers. These hotels work together in addressing this issue of scarcity, by collaborating with policy makers, authorities and local hospitality colleges. International brands have better ability to attract and retain workers, though generally the new generation of workers are not very keen to pursue a career in hospitality, labelling it as 'tough life'.

Training and development is seen as an integral part of strategic HR, with line managers showing willingness to participate in related initiatives. However there is a need for a clearer and formal training and development plan which is integrated with the business strategy, and not just relying on narrowly focused inductions and on-the-job training. It was also clear that Malaysian hotels emphasised more on training than development, which certainly does not help in attracting and retaining talent. Malaysian hotels are worried about investing in training and developing, for fear of becoming a 'training ground' for their rivals, where employees leave after acquiring new knowledge and skills. Although training needs analysis is well documented, in some cases, it is not effectively executed due to shortage of training funds. However, when implemented, training and development programmes are not evaluated from the basis of return on investment.

7.2.3 What are the organisational, industry and societal sources of SHRM formulation and implementation challenges, particularly in recruitment and selection, and training and development, within the Malaysian hospitality industry?

The political environment which includes the government policies on recruitment and training is another challenge. Malaysian hotels depend on political support for strategy execution. Lack of clarity and inconsistency in enforcement of policies related to recruitment and training were major concerns affecting Malaysian hotels. These hotels are quite dependent on foreign unskilled labour from other Asian developing countries. In addition to that, foreign workers are preferred to local employees due to their resilience, given the physical demands of hospitality jobs. The absence of comprehensive immigration policy causes Malaysian hotels to face consequences such as challenges in formulating staffing plans and policies. Besides, linking training outcomes with business strategy will provide a better justification for sufficient training budget.

As guests profile become more diverse, international and independent hotels depend on employees who are able to converse in English. The lack of ability to speak in 'reasonable' English, amongst Malaysian or foreign workers and job applicants, is seen as a drawback in achieving strategic initiatives. The many hospitality colleges are unable to produce or supply sufficient graduates for this industry. Even when these are available, the command of English language of these students is bad. The deteriorating state of the level of spoken and written English is attributed to government and its political agenda.

As mentioned earlier, hospitality colleges in Malaysia are not producing enough graduates for the industry. Besides, the quality of hospitality graduates has been raised in this research with some hotels managers voicing that relevant government authorities should look into policies concerning admitting only 'genuine' students who are not drawn to the hospitality field for the wrong reasons, for example, that hospitality courses are cheap and short in duration.

Due to its reputation of 'tough life', the hospitality industry in Malaysia is losing its attractiveness amongst the new generation. This contributes to the SHRM formulation and implementation challenges and impacts turnover and labour scarcity. Changing attitudes towards jobs has led to many younger Malaysians considering hospitality jobs as inferior, and Malaysian hotel

managers complain that even those who choose to work in the industry lack the passion for the job.

7.3   Contributions to knowledge of SHRM

The overarching contribution made by this thesis is to give insights into the SHRM challenges within the Malaysian hospitality industry. The research has several implications pertaining to the theory of SHRM within the hospitality industry. This section highlights the contributions this thesis makes to the knowledge of SHRM. Figure 7.1 below, a replica of Figure 6.3 presented earlier as the final framework of this research in Chapter Six, summarises the findings and highlights the factors for understanding existing theory in the Malaysian context. This study looked at both formulation and implementation challenges of SHRM faced by CEO/General Managers, HR professionals and line managers in the Malaysian hotel industry. Therefore, this thesis has contributed to the relatively unexplored area of SHRM (Becker & Huselid, 2006) and addressed the empirical gap of limited studies specifically examining barriers to effective implementation of SHRM practices in Malaysia (Abang Ekhsan, 2009). While issues pertaining to SHRM formulation dominate the discussion on contributions to knowledge, SHRM implementation challenges are discussed in the next section, contributions to practice.

This thesis found that there is *minimum participation of HR and line managers in the process of environmental scanning and strategic planning*. Failure of participation resulted in the poor integration of business strategy with HR strategy. The lack of participation and involvement in the process of strategic planning is due to the research participants' unfamiliarity with the concept of SHRM and strategy integration. Most of them do not see a difference between HRM and SHRM and are very much confined to the traditional box of HRM (Rowden, 1999; Lawler III & Mohrman, 2003; Inyang, 2010).

This thesis indicated that *Malaysian hotels lack in vertical integration or fit between HR and business strategy*.   Besides, this thesis found that Malaysian hotels adopted the best practices and the configurational (mix) approach to strategy. Most hotels benchmarked the 'big boys' to remain competitive. While the SHRM literature debated the extent to which HR practices should be differentiated, a recent study concluded that some HR practices in Malaysian hotels should be differentiated for better firm performance (Ahmad, 2010). This study confirmed that hotels is
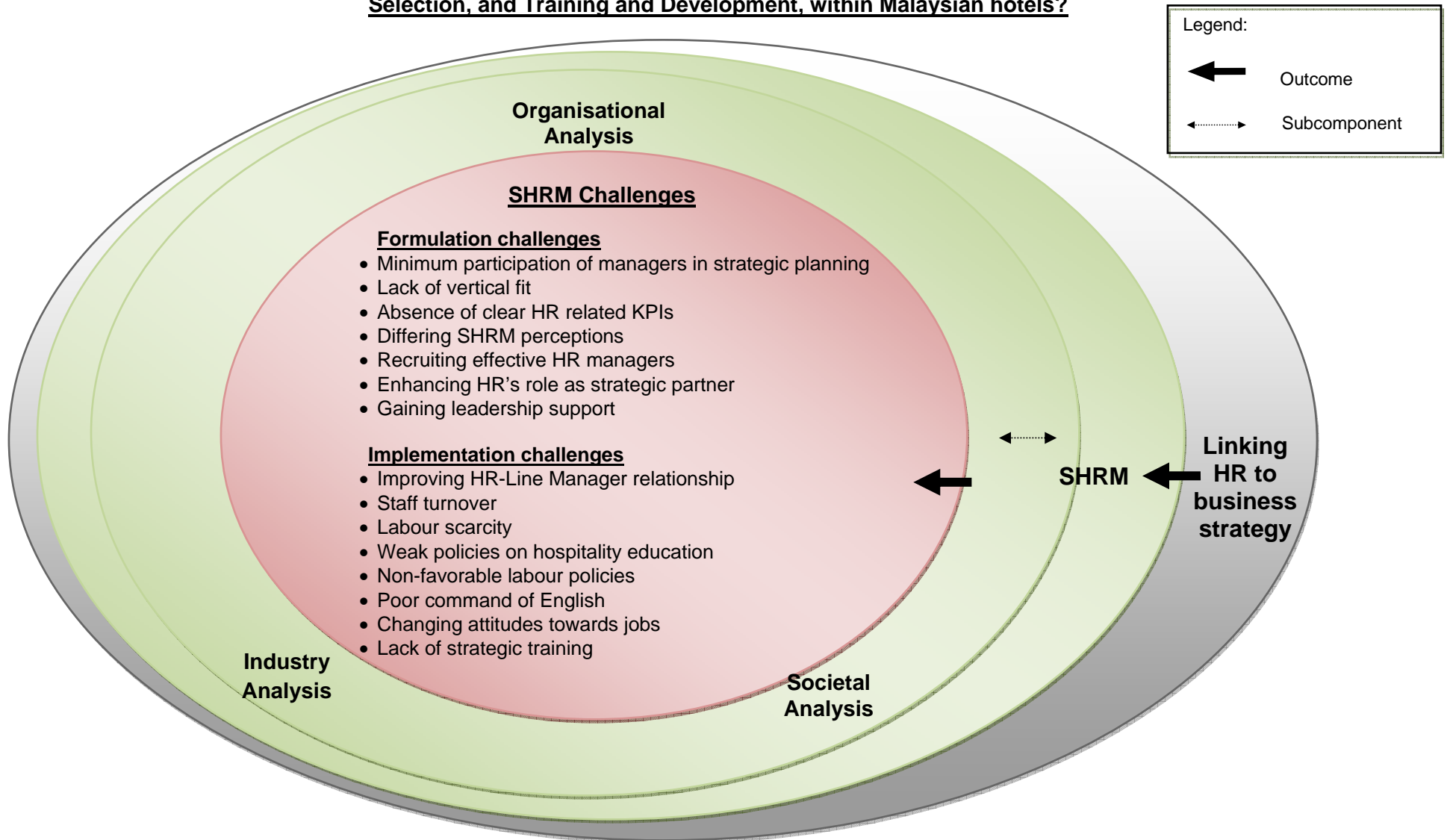
Malaysia do not engage in such differentiated discussion by virtue of the lack of vertical integration exercise.

Another important contribution to knowledge of strategy formulation is the manner in which Malaysian hotels demonstrate a spirit of working together in attracting visitors to a particular location, before competing with one another on attracting these visitors to their respective hotels. The less favorable hospitality industry characteristics (Radzi *et al.,* 2009) coupled with the societal barriers in the form of policies on labour and education (Lim, 2009; Devadason, 2011), have created this situation where Malaysian hotels counter the challenges by collaborating and working together.

While the study confirmed with the literature that generally *CEOs/General Managers, HR professionals and line managers had different perceptions on SHRM*, this study highlighted that regardless of the differing perceptions, there is a general proposition that Malaysian hotels lack the appreciation and understanding of SHRM. Besides, Malaysian hotels viewed strategic HRM differently depending on whether it is a chain or independent hotel. Chain hotels, by virtue of having standardised HR practices, demonstrated better synchronization in SHRM perceptions amongst various managers.

Drawing from the findings of other studies, such as Huselid, Jackson, & Schuler (1997) and Aitchison (2007), this thesis concluded that *HR managers in Malaysian hotels lack the competencies necessary to function as a strategic partner*. The vast majority of HR professionals do not have professional degrees or any type of certification in HR. While professional degrees may not be regarded as guarantors of lacking competencies, HR managers will benefit from training and qualifications offered by professional body for example, CIPD, which will be discussed in more detail in the next section.

Figure 7.1 – The final conceptual framework, answering the research question "What are the challenges faced in formulating and implementing strategic human resource management (SHRM), particularly in relation to Recruitment and Selection, and Training and Development, within Malaysian hotels?

Legend:

⬅ Outcome

⬅⋯⋯➤ Subcomponent

Organisational Analysis

SHRM Challenges

Formulation challenges
- Minimum participation of managers in strategic planning
- Lack of vertical fit
- Absence of clear HR related KPIs
- Differing SHRM perceptions
- Recruiting effective HR managers
- Enhancing HR's role as strategic partner
- Gaining leadership support

Implementation challenges
- Improving HR-Line Manager relationship
- Staff turnover
- Labour scarcity
- Weak policies on hospitality education
- Non-favorable labour policies
- Poor command of English
- Changing attitudes towards jobs
- Lack of strategic training

SHRM

Linking HR to business strategy

Industry Analysis

Societal Analysis

7.4 Contributions to professional practice

Raising the awareness of hotel managers, and policy makers, of challenges faced by Malaysian hotels in formulating and implementing SHRM, is the primary contribution that this research claims to make. From this raising of awareness, the thesis considers implications for practice at different levels, namely for managers within the hotels, for policy makers such as the Malaysian Association of Hotels (MAH), and for the government – in particular the Human Resource Ministry and the Tourism Ministry.

This section highlight the actions recommended as necessary for the three target audiences, namely, the Hotel Managers (which include CEOs/General Managers, HR professionals and line managers), MAH and the Government, to improve professional practice pertaining to strategic human resource management in Malaysian hotels.

Table 7.1 summarises the organisation-level practice contributions for Hotel Managers. The findings of this research will benefit not only the managers in the participating hotels (as they will receive an executive summary) but also managers in other hotels too through systematic dissemination via the Malaysian Association of Hotels. This research has important implications for hotel CEOs/General Managers who are also considered as primary strategy makers, and can take necessary actions to ensure better alignment between business strategy and HR initiatives.   The research will also encourage decision makers in hotels to view strategy importantly and be aware of the challenges involved in its formulation and implementation. A feedback session was conducted in July 2011 with one of the participating hotels, Hotel C, upon the request of its General Manager. A team of managers attended the feedback session and the research findings were shared with them.

No.	Recommended actions for CEOs/General Managers, HR Professionals and line managers, to improve professional practice pertaining to SHRM in Malaysian hotels
1.	There is a need for hotels to put in place performance measurements for the HR functions. Specific key performance indicators (KPIs) are necessary to assist the formulation and implementation of effective HR strategy.
2.	CEOs/General Managers in Malaysian hotels should enhance the position of HR managers ensuring they are a member of the Executive Committee (EXCOM), and are given the necessary autonomy and empowerment to be actively involved in key strategic business discussions.
3.	The partnership between HR and line managers should be re-examined. It should be further determined what are the 'expectations' these two groups have for each other and the 'struggles' they have previously faced. There should be a clear policy on devolution of HR function between the HR and line manager, to secure greater engagement of first-line managers in HR roles.
4.	Hotels will have to be mindful of the possible negative impact resulted by 'premature promotions' of staff to the positions of supervisory and first line managers. Appropriate training and development plan is called for before these promotions are decided.
5.	Hotels to identify training needs and allocate sufficient funds for training and development purpose. Training is not only an integral part of strategy execution for better performance and service, but it is seen as a factor to attract and retain talent.
6.	The scope of induction programmes for new staff could be expanded to make it more strategic for newly joined employees. It is beneficial for employees to know how every part of their job and action is linked to the business strategy.
7.	Hotel Managers will have to be more creative in evaluating training programmes, and identifying returns on training investment (ROI). MAH and CIPD could support this strategic endeavour.

Table 7.1   Summary of organisation-level practice contributions for Hotel Managers

Of the seven organisational-level recommendations above, the first three are within the area on strategic recruitment and are directly related to the measurement, readiness, and credibility of HR professionals within Malaysian hotels. This thesis makes an important articulation on the need for Malaysian hotels to have competent HR professionals to enable SHRM initiatives. The

feasibility of implementation of these recommendations is dependent on the availability of competent HR professionals and the strategic importance given to these professionals by the CEOs/General managers of Malaysian hotels. The remaining four organisational-level recommendations in Table 7.1 are related to the area of strategic training and development. While it is understandable that most hotels are skeptical in spending huge budgets in training and development by virtue of the high turnover trend, Malaysian hotels may look for ways to provide a clear and promising career path to employees who are identified for succession planning.

Table 7.2 summarises the industry-level practice contributions, in particular for MAH. The written testimony by the CEO of MAH, that this thesis is necessary to create awareness on the challenges of SHRM in Malaysian hotels, is a stepping stone for this thesis in making a contribution towards industry-level professional practice. As the umbrella body for all hotels and restaurants in Malaysia, MAH will benefit from this research. MAH will be able to formulate relevant and specific training programmes through its training and education arm, Malaysian Association of Hotels Training and Education Center (MAHTEC). MAHTEC has been focusing more on soft skills and technical skills training programmes. This research will be a springboard to entice MAHTEC to see the potential of strategic related training programmes, especially SHRM for its members. The findings of this research have been presented to the CEO of MAH, and MAH will assist in planning and delivering training programmes related to the findings of this thesis. On a similar note, a meeting with the representatives from Chartered Institute of Personnel and Development (CIPD) was held in Malaysia, in October 2011 and I took the opportunity to briefly share the scope and findings of this thesis. There is a potential for MAH to work with CIPD in the near future, and to encourage HR professionals to obtain CIPD qualifications.

While MAH may push for reforms in the policy of hiring foreign workers, it may not be successful in doing so in the near future. The issue of immigration is a sensitive one and the present government will be very careful in making any drastic decisions in lifting or easing the ban on foreign workers, fearing a negative reaction from the public given the next general election is around the corner.

No.	Recommended actions for MAH, to improve professional practice pertaining to SHRM in Malaysian hotels
1.	To improve the competencies of HR managers. MAH could work, for example, with Chartered Institute of Personnel and Development (CIPD) and design programmes that certify HR managers with the skills set needed to function as a strategic partner.
2.	MAH, working with the relevant agencies, could conduct a survey to study the changing attitudes towards work and the perception towards hospitality-related jobs amongst the younger generation. Appropriate actions and plans could be put in place to address the issue of labour scarcity and high turnover.
3.	The flexibility of hiring foreign workers and the subsidizing of internship allowances are other areas for MAH to pursue with the relevant authorities.

Table 7.2   Summary of industry-level practice contributions for MAH

This research has also provided an avenue to recommend several improvements related to government policies that need urgent attention. Table 7.3 summarises these recommendations. Expanding on the above industry-level practice, MAH, working with the Human Resource Ministry, and the Tourism Ministry should initiate discussions on policies pertaining to hiring foreign workers, subsidising the internship programmes and improving language skills.

Similar to the policy on foreign workers, the government may be careful in revising policies on English language. With English not being the national language, any suggestion or attempt to make English compulsory in schools or universities can lead to a serious protest from the majority Muslim population. The government could, however, provide an option for students to choose an alternative English medium of instruction, but the shortage of adequate and trained resources for this purpose is another challenge.

No.	Recommended actions for the Government, to improve professional practice pertaining to SHRM in Malaysian hotels
1.	Government policies pertaining to foreign labour require better direction and consistency. While the government may scrutinise and improve the screening process of recruiting unskilled labour, a total ban may adversely affect the operations of hotels.
2.	Private and public universities and colleges should be monitored and evaluated on the quality and practicality of hospitality education they provide. The Quality Agency for Malaysian education could encourage more strategic alliances between hotels and colleges to enable the education providers to provide programmes that are industry-driven and related.
3.	The Government needs to re-consider policies pertaining to the command of the English language.

Table 7.3   Summary of society-level practice contributions for the Government

7.5 Evaluation of this research and an agenda for future research

The quality criteria in Chapter Three had raised concerns related to trustworthiness and dependability. These criteria facilitate readers to follow the researcher's logic as s/he presents the findings and insights in a transparent and consistent way. This section provides evidence that the above has been achieved in this research by the way in which the findings and insights have been presented and interpreted in a transparent manner.

The research set out to explore the challenges faced by Malaysian hotels in formulating and implementing SHRM. Whilst the nature of the experience from the perspective of the participants has been explored and illuminated, one acknowledged limitation is that the outcomes of this research are not transferable or generalisable to other contexts. Although this research was conducted in a specific context, Malaysia, hotel professionals outside Malaysia may reflect on how this study 'resonates' (Ellis and Bochner, 2000, p.753) with their own situation in order to assess how these findings may inform their SHRM strategies.

A further limitation is that in focussing on the experiences of the CEOs/General Managers, HR professionals and line managers, this research has explored SHRM challenges from the perspectives of only these key stakeholders. The experience and perspectives of general employees had not been considered in this research. However, the notion of SHRM was better suited to be studied from the perspectives of strategic managers first, before extending it to other levels of employees in the hotels.

Another potential limitation is that, by virtue of having a particular focus on recruitment and selection, and training and development, this research did not explore other equally important areas of SHRM, for example, employee relations, performance management, and compensation. While recruitment and selection, and training and development lie at the heart of hotel businesses, and were justified in relation to the existing literature, SHRM challenges concerning other functional areas would be appealing for future research.

Through its focus on SHRM formulation and implementation challenges, this study has illuminated a previously under-researched area. However, in providing answers to the research questions, a new set of questions become apparent. Firstly, the findings revealed that government policies and employee attitudes to hospitality work are examples of challenges in implementing SHRM in Malaysian hotels. This suggests that an area for further research would be to explore employees' and government officials' views on their experiences of SHRM challenges within Malaysian hotels.

Some SHRM challenges, for example, union management, were an unexpected finding of this research, as was the issue of employee motivation. These findings were not reported in this research as they lacked depth and rigour. This lack of depth and rigour is expected because the primary focus of this research was on recruitment and selection, and training and development. Nevertheless, this suggests that other functional areas of SHRM, such as employee relations, could be a focus for future research, in exploring the formulation and implementation challenges faced by Malaysian hotels.

Another area for future research is related to the measurement system of KPIs. This study highlighted the absence of clearly- defined KPIs as a SHRM challenge in preventing Malaysian HR and line managers being accountable for an organisation's most expensive resource. HR professionals and line managers recognise the value of such measures (Becker & Huselid,

2006). However, measuring 'human resource' may involve intangible aspects of work behaviour. Future research may look into the measurement of intangibles within the field of SHRM and in particular the hospitality industry.

7.6 Personal research reflections

Due to the reflexive stance adopted, reflections have been presented in this thesis particularly in Chapter One, in introducing my personal motivations and background, and in Chapter Four, in methodological reflexivity. Reflexivity means being aware and also critical of our data gathering and interpretation process. Kleinsasser (2000) summed up the importance of being reflexive as "a methodical process of learning about self as researcher" (p.155). This section includes some reflections in this broader sense, relating to the choice of research area and aims, the methods I employed, and my own personal development.

Personal aspects of reflexivity refer to the researcher's own identity, their "brought selves" into the research (Guba and Lincoln, 2008, p.278). Doloriert and Sambrook (2009) state that even though *"the focus of the inquiry is on understanding the researched culture ... there may be some focus on the researcher's personal reveal"* (p.37) and as such my 'personal reveal' is presented in this section. I am a man, Malaysian, a lecturer, and a former HR manager. The expression of personal interests and values through the topics one chooses in a research is very likely (Wilkinson, 1988). My own experiences, in my upbringing as well as an HR manager, are part of the reason for my initial interest in the research topic and for the philosophical and methodological choices made, which are further discussed in the following sections.

7.6.1 Personal development

This process of undertaking a doctoral study has been transformational for me. Though this has been the most challenging task I have ever done in terms of cognitive and time management demands, I have been able to appreciate the process of knowledge generation. The last two years have been the toughest in my life, as I juggle with work and family commitments; being a single parent to two growing boys, and a full-time lecturer. Things became more challenging with the untimely demise of my mother. Pulling through and maintaining focus was difficult at times, but the support I received from those around me, made me stronger. While

acknowledging that the DBA is a journey of a research apprenticeship, changing the way I think about knowledge and knowledge generation was hard. As a novice researcher, developing the research knowledge and skills to undertake this inquiry was very challenging. Though I am coming to the end of this research journey, I realise that it is only the beginning of my on-going development as a researcher.

7.6.2 Professional reflections

As a senior lecturer in HRM in a private university in Malaysia, I teach HRM and SHRM across the undergraduate and post- graduate programmes. This research broadened my understanding and appreciation of SHRM which has had implications both for my teaching and project supervision. I notice I have more confidence approaching the topic of SHRM, especially with my MBA students, most of whom are working adults. Without revealing the names of the hotels and personnel, the sharing of stories and real life examples of SHRM challenges in Malaysian hotels during classroom discussions, added value to the teaching and learning process. In addition to my teaching role, I plan to do some consultation work particularly in the area of SHRM. The hospitality industry is growing in Malaysia and most training and development initiatives in this industry are currently designed around the area of soft skills. There is a huge potential of consultancy in the area of SHRM particularly working with senior managers and decision makers in hotels. With the networking established with various policy and decision makers in the course of this research, I feel very positive about this future endeavour.

I have found my choice of research area to be both fascinating and frustrating. It has been very informative and interesting to research the challenges of SHRM in Malaysian hotels. Moreover, this research topic was formulated based on my personal and professional experience in human resource management, particularly in the hospitality industry. I worked as a Human Resource Manager in a five-star hotel in Malaysia and I observed that the HR function played more of a 'fire-fighting' role rather than a strategic one. This curiosity grew as I began to teach SHRM, and when I decided to do a professional doctorate, I had a burning desire to research this topic. However, as the research progressed, I started wondering about the assumption that SHRM is present in Malaysian hotels. After the first few interviews, it appeared to me that the main challenge of SHRM in Malaysian hotels related to limited awareness or practice of it. However,

this frustration was channeled towards identifying the research gap and subsequently designing an appropriate research design to further explore the gap.

In terms of the methods, semi-structured interviews and template analysis method were used in this research. Semi-structured interviews enabled me to achieve the aims I set, but a larger sample of participants would have been beneficial. The commercially sensitive nature of the topic was an obstacle in getting access to more hotels. The interviews in the last three hotels yielded richer data and this may have been due to my familiarity with interviews and enhanced understanding of the topic and related issues, which I gained from reflecting on and transcribing the interviews as I went on. Personally, as part of my exploration, the terms '*integration*' and '*fit*' helped to keep me focused throughout the research as I continued to strive for myself between my research and my professional role and inspirations.

7.7 Summary

This study has concluded by offering insights into the three research sub-questions posed in this thesis. This final chapter has also considered implications for knowledge and practice of SHRM challenges within Malaysian hotels. Implications for practice have been presented in relation to three target audiences, namely, the Hotel managers, the industry as represented by the MAH and the Government. This chapter has also included reflections on the research. The research has been evaluated, limitations identified and proposals for further research developed. It has also reflected on implications for the researcher's own professional practice.

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APPENDIX

Interview Guide

CEO/Managing Director/General Manager

Interview Questions	
Please explain briefly about your background and experience in this industry.	
1 (a)	Briefly explain the company's business strategy.
1 (b)	How does the company distinguish itself in achievement of competitive advantage?
2.	What is the involvement of the HR department in the formulation of business strategy? How is this done?
3 (a)	How does the company match strategy and HRM?
3 (b)	Could you explain how vertical and horizontal integration are ensured? *(To explain to the respondent about this)*
3 (c)	What HR related KPIs to you set?
3 (d)	What challenges do you face here?
4.	Has there been a situation when the company decided to change its direction and strategy? What caused that to happen? How did the company respond strategically?
5 (a)	How does the company cascade down the strategy for implementation?
5 (b)	What challenges do you face in implementing strategy?
6 (a)	How has HR been represented at the board level in the past? Please provide examples.
6 (b)	Is it important for HR to be involved? If so why?
7 (a)	How would you sum up the TWO main challenges in strategy formulation?
7 (b)	How would you sum up the TWO main challenges in strategy implementation?
8 (a)	There has been a situation when intended SHRM policies/practices were not realized. How you faced such situation? What were the reasons?
8 (b)	From your experience how would you rate the competencies of HR in achieving business goals?
9	How do you ensure that a partnership exists between HR and Line Managers? What challenges do you face here?

Human Resource Professionals

Interview Questions	
Please explain briefly about your background and experience in this industry.	
1.	Briefly explain the structure of the company and how HR fits into it.
2 (a)	Briefly explain the company's business strategy.
2 (b)	How does the company distinguish itself in achievement of competitive advantage?

2 (c)	What is the involvement of HR and other departments in the formulation of business strategy? How is this done?
3 (a)	Does the company match strategy and HRM? If yes, how?
3 (b)	How is HR involved in vertical and horizontal integration of strategy?
3 (c)	What HR related KPIs are set by the top management? Please give details of Recruitment and Training KPIs.
4.	What are the problems you face in the integration of HR activities with the organization's strategy?
5 (a)	How a partnership between HR and Line Managers is established?
5 (b)	What challenges do you face particularly zooming into Recruitment & Selection and Training & Development?
6 (a)	How is HR measured against achieving business goals?
6 (b)	There has been a situation when intended SHRM policies/practices were not realized. How you faced such situation? What were the reasons?
7.	How would you sum up the TWO main challenges in formulating and implementing SHRM in this company?

Line Managers

Interview Questions
Please explain briefly about your background and experience in this industry.

1.	Briefly explain the company's business strategy.
2.	What is the involvement of HR and your department in the formulation of business strategy? How is this done?
3.	What are the HR related KPIs that you are responsible for, focusing on Recruitment and Training?
4.	What is the kind of support you require from HR to achieve the above stated KPIs? Do you get it?
5.	How would you regard the partnership between HR and Line Managers?
6 (a)	How is HR measured against achieving business goals?
6 (b)	There has been a situation when intended SHRM policies/practices were not realized. How you faced such situation? What were the reasons?
7 (a)	How would you sum up the TWO main challenges in strategy formulation?
7 (b)	How would you sum up the TWO main challenges in strategy implementation?