

## Levels of HRD across Global competitors in International service organisations

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### **Abstract**

The manufacturing sector has been the attention of more studies on international and strategic HRM and HRD than the service sector (Boselie, Paauwe & Richardson, 2002; 2003; Thompson, Nickson, Wallace & Jones, 1998). Focused on the international hotel industry this study, with empirical data collected via a series of in-depth interviews with corporate human resource executives from eight global hotel operators, comments on how unit managers were deployed and developed to achieve their companies' international strategies. Expatriate managers have traditionally been viewed as key organisational resources for successful internationalisation and as such have acquired the status of 'rainmakers' or strategic human resources (Boxall & Steeneveld, 1999; Scullion & Collings, 2006; Harzing, 2001). The links between expatriation HRM practices and the strategic nature of international expansion are, however, poorly developed. Much of the expatriation literature itself is highly prescriptive and neglects to build upon the strategic human resource management (SHRM) and international human resource management (IHRM) models and research in any coherent way (Scullion & Collings, 2006). This paper attempts to bridge this gap and argues that specific HRD practices associated with expatriate managers are allied to the three main SHRM approaches; those of best practice, best fit and resource based view (RBV). Furthermore these SHRM approaches are argued to no longer be mutually exclusive but can be more readily understood as mutually supportive (Boxall & Purcell, 2003; Boselie, Paauwe & Richardson, 2002; 2003). By building on these arguments, which reflect the simultaneity and supportive nature of the SHRM approaches, this paper identifies new opportunities for understanding the challenges facing IHRM, and specifically the issues of standardising and localising HRD practices across international companies and industries. It argues it is possible to 'drill down' from the SHRM approaches to specific HRD practices to identify where companies within industries face simultaneous pressures to differentiate and assimilate themselves and their strategies and people management approaches and practices to survive, compete and even create competitive advantage.

### **Introduction**

The development of strategic human resources is arguably a critical component to company success. This is seen to be particularly true in international organisations where human resources are responsible for transferring knowledge across operations and disseminating and co-ordinating core company competences between subsidiaries, regional and head-offices. The enormous replication of subsidiaries within service organisations, as in the banking, hospitality and retail sectors, makes the co-ordination of such competences and knowledge transfer even more of a challenge. Yet empirical research on strategic and international HRM in the service industries is less well developed than in the manufacturing sector. This paper explores the development of strategic human resources within the international hotel industry, as part of companies' attempts to gain competitive advantage. Initially the three main SHRM approaches are examined and explored in relation to the empirical evidence on IHRM. A combined and simultaneous view of SIHRM is offered following this analysis. The groundwork is thus set for establishing the position of unit general managers (UGMs) as strategic resources in the international hotel industry in relation to the literature on expatriates and international managers. Key HRM interventions are then identified with specific reference to the development of these international managerial resources. How these practices relate to the SIHRM approaches adopted by companies provides the final component of the literature review. The methodology deployed by the researcher is identified before the results of the study are presented. Crucial to the findings is the evidence that HRD practices are shaped not only by globalisation and glocalisation pressures in international service organisations but by industry features. Such features mean that companies find it difficult to develop practices which could differentiate their strategic human resources from those of their competitors and allow them to realize competitive advantage through their human resources.

### **Strategic International Human Resource Management (SIHRM)**

The management of people is now seen to be of strategic importance to organisations (Hope-Hailey, et al., 1997; Purcell, 1995; Boxall & Purcell, 2003). SHRM has become an important area of interest in the study of HRM as a research subject with three main approaches to SHRM; the best practice approach, best-fit approach and resource-based view (RBV) approach highlighted by commentators (Purcell, 1999; 2001; Boxall & Purcell, 2003; Wright et al., 2004). The best practice SHRM approach suggests companies can achieve competitive advantage by adopting sophisticated or 'high performance' HRM

practices across their workforces (Pfeffer, 1998; Huselid, 1995). However, this approach has received considerable criticism due to the divisions amongst researchers and authors on what constitute 'sophisticated' HRM practices, the empirical evidence on which these practices are made and suggestions that superior HRM practices should be adopted across different industrial and national boundaries regardless of diverse institutional and cultural factors (Marchington & Grugulis, 2000; Boxall & Purcell, 2000; 2003; Sparrow et al., 2004; Brewster, 1999; 2006). Views of the 'best practice' SHRM approach have evolved, however, to recognise that within industries there may be certain HRM practices and approaches, which are indispensable (Boxall & Purcell, 2003). The concept of 'table stakes' as the established (HRM) practices adopted by all businesses to demonstrate their legitimate position in an industry has been recognised as an adaptation of the 'best practice' SHRM approach (Bjorkman, 2006; Boxall & Purcell, 2003; Paauwe & Boselie, 2002). The 'table stake' version of best practice SHRM approach is based upon the ideas from the institutional assimilation literature where organisations are seen to struggle to differentiate themselves too clearly from their industry associates (DiMaggio & Powell, 1983; Powell & DiMaggio, 1991; Oliver, 1997).

It is possible then to consider an international version of the table stake best practice SHRM approach. Instead of the wholesale adoption of 'sophisticated' HRM practices across national boundaries the table stake best practice approach indicates that industry level institutional pressures may moderate national (cultural and institutional) affects. The IHRM literature has traditionally been disproportionately focused upon the parent and host country cultures influencing HRM practices but the application of the ideas of the table stake best practice approach and recent evidence from Boselie, Paauwe & Richardson (2002; 2003) queries this view. Boselie et al., (2002; 2003) identify HRM practices and SHRM approaches in hospitals, local government and hotels and conclude that the industry context provides different table stake HRM practices across different industries within the same country. Furthermore, this study suggests that industry context may have considerable impact over people management practices alongside the impact of national institutions (Brewster, 1991; 2006; Clark & Mallory, 1996; Sorge, 2004).

The 'best-fit' SHRM approach emphasises the importance of companies' market positions and strategies in deciding which HRM policies and practices to pursue. A range of theories have emerged from the 'best fit' SHRM approach from those that more simplistically link specific strategy choices to HRM practices and policies (Miles & Snow, 1984; Schuler & Jackson, 1987) to more complex models (Fombrun et al., 1984; Beer et al., 1984; Hendry & Pettigrew, 1986; Guest, 1989) which envision a range of corporate characteristics (strategies, positions, portfolio characteristics) determining people management practices. Amongst the weaknesses of the 'best fit' SHRM approach are its focus on external market positioning and its inability to secure competitive advantage where several companies within the same sector pursue similar strategies and market positions (Kamoche, 2001; Wright & Snell, 1998; Boxall & Purcell, 2003). These criticisms of the best-fit SHRM approach are based upon the static, objective and externally oriented perspective of strategic management as the primary influence.

The application of the best-fit SHRM approach to IHRM has been prolific though once again much of this empirical work has focused upon the influential nature of national differences as well as strategic models (Perlmutter, 1969; Bartlett & Ghoshal, 1989; 2000; Cullen, 1999; Edwards, Ferner & Sisson, 1996). The models of international orientation (Perlmutter, 1969; Heenan & Perlmutter, 1979); product life-cycle phases (Adler & Ghadar, 1990); and international responsiveness versus integration (Bartlett & Ghoshal, 1989; 2000; Edwards et al., 1996) are based upon strategic choice arguments derived from the strategic management field. The customisation and standardisation of HRM practices has been the foremost thrust of the strategic dimension to IHRM. Researchers have developed detailed descriptions of SIHRM by analysing the contingency of a range of specific factors. These international versions of the best-fit SHRM approach suggest HRM practices are more likely to be standardised where: they are aimed at managers (Rosenzweig & Nohria, 1994; Easterby-Smith et al., 1995; Hannon et al., 1995; Newman & Nollen, 1996; Rosenzweig, 2006); subsidiary and parent interdependency is high (Hannon et al., 1995); full or partial ownership are used as market entry modes (Ferner, 1994); companies originate from the USA or Japan (as opposed to Europe) (Rosenzweig & Nohria, 1994; Ferner, 1997; Ferner & Quintanilla, 1998); the host country the company enters is less 'culturally distant' from its own parent country (Easterby-Smith et al., 1995; Hannon et al., 1995; Ferner, 1997; Boselie et al., 2002; 2003); and their business is embedded in their national business system (Coller & Marginson, 1998; Thompson et al., 1998; Boselie et al., 2002; 2003). These very valuable insights into how HRM practices are shaped by market and strategic factors, in line with the best-fit approach, clearly help us develop an understanding of SIHRM but they are also accused of being too focused upon external issues. It is pertinent then to consider the internally focused RBV SHRM approach.

The RBV SHRM approach attempts to surmount the external and prescriptive views of the best-fit and best practice SHRM approaches based upon the arguments expressed by Cappelli and Singh (1992) and Wright et al., (2004):

*“many within strategy have implicitly assumed that it is easier to rearrange complementary assets/resources given a choice of strategy than it is to rearrange strategy given a set of assets/resources, even though the empirical research seems to imply the opposite.”*

The RBV SHRM approach focuses upon the internal dimensions of organisations, their human resources and HRM practices in an attempt to create competitive advantage. This internal focus seeks to identify and leverage of valuable, rare, inimitable, non-substitutable and rent achieving (VRINR) (human) resources (Wright et al., 1994; Wright, et al., 2004; Morris, Snell & Wright, 2006). The empirical research supporting the RBV SHRM approach (Marchington et al., 2003; Boxall & Steeneveld, 1999) clearly highlights that human resources can fulfil the criteria of resources pivotal to achieving competitive advantage. The most valuable human resources are those identified as the ‘strategic human resources’ or rainmakers’ who fulfil the RBV criteria adding exponential added value to companies. However, there has been more controversy over whether HRM practices could fulfil the VRINR conditions (Wright et al., 1994). However, contemporary evidence and arguments have determined that HRM practices can also become strategic assets (resources) (Boxall & Purcell, 2000; 2003; Wright et al., 2004). By developing HRM practices, which are idiosyncratic and interdependent, the RBV approach argues that companies can capitalise on their proprietary knowledge and transfer it creatively and effectively across its workforce to out perform the competition. This approach has also been the focus of several IHRM investigations (Taylor et al., 1996; Bonache & Fernandez, 1999; Harvey et al., 1999; 2000) and is seen as particularly valuable where it has clarified;

*“the linkage between expatriates and competitive advantage: if the primary source of sustainable advantage is tacit and specific knowledge which is owned by people; if a firm’s internationalization is based on the transfer to other markets of competitive advantages that it possesses in its domestic market and the acquisition of new knowledge; if the movement of tacit knowledge to other markets requires the movement of the people who possess it; then it is safe to say that international assignments of employees play a critical strategic role in a firm’s internationalization.”*(Bonache & Fernandez, 1999 p.178/9)

By considering these three SHRM approaches in relation to their critics’ evaluations and the empirical evidence provided in their defence it seems that managing international human resources for strategic advantage is a complex undertaking. Each of the SHRM approaches (table stake best practice, best-fit and RBV) retains some credibility but by adopting an individual approach we are unlikely to represent a definitive depiction of how companies pursue competitive advantage via their human resources or HRM practices. Instead it is possible for companies to use a combined and simultaneous version of the three SHRM approaches in an attempt to balance the external and internal perspectives adopted by the best-fit and RBV approaches, and recognise the important influence industry isomorphism has on the creation of a set of HRM practices used as part of a table stake best practice SHRM approach. Furthermore the concentration on standardisation and customisation, or globalisation and glocalisation, depicted by IHRM research, may overplay the influence of parent and host country institutional issues at the expense of variations in industry institutional pressures. It seems then that by combining the three main SHRM approaches a more accommodating view of the way that companies deal with the need to simultaneously conform (to national and industrial conventions on managing human resources) and differentiate (through distinctive and added value HRM practices) in the pursuit of competitive advantage is possible.

### **Strategic Human Resources and the International Hotel Industry**

Within the hotel industry general managers have traditionally been seen as strategic human resources responsible for creating profitable hotel units through their leadership and expertise in hospitality-specific and generic-business management skills (Forte, 1986; Kriegl, 2000; Ladkin & Juwaheer, 2000). The emergence of an international hotel industry dominated by key companies with vast portfolios of hotels across most parts of the world has increased the skills profile of such managers (D’Annunzio-Green, 1997; Roper et al., 2001). International hotel companies (IHCs) have achieved their impressive growth records through a range of market entry modes (Litteljohn, 1999; 2003). The sheer size (number of units) of hotel portfolios, which can run into the thousands, has precipitated a reliance on low risk entry modes; typically management contracts and franchises (Todd & Mather, 2001). As such, the importance of mutually beneficial relationships between IHCs and their property owners (and their asset managers) and (master) franchisees has extended the relational skills and expertise of hotel unit managers (Beals, 1995, 2005; Eyster, 1995; Guilding, 2006).

The generic literature identifies the importance of managers as transferors of internal competencies across organisations (Storey et al., 1997). The strategic human resource management (SHRM) research comments on the emergence of certain groups of human resources, often managerial resources, who are seen to be pivotal to company survival and success or strategic human resources ('rainmakers') (Boxall & Steenveld, 1999; Marchington et al., 2003). Their ability to transmit appropriate company competencies and knowledge is particularly essential in the international business world where managing change, diversity and complexity whilst pursuing corporate goals is vital (Sparrow, et al., 2004; Scullion & Collings, 2006; Bonache & Fernandez, 1999). Expatriates have been the focus of much of the research on key international managerial resources (Brewster, 1991; Harzing, 1999; Edstrom & Galbraith, 1977). However, changes in the nature of international business have questioned the notion that it is only parent country nationals (PCNs) spending between two and five years outside their home country, who constitute strategic international resources (Scullion & Collings, 2006; Harvey et al., 1999, 2000). Bonache & Cervino (1997 p. 96) identify that along with inpatriates, host country nationals (HCNs) transferred to head-office, a range of alternatives to expatriates are available to international organisations including;

*"temporary foreign assignments for start-up operations, the hiring of competent local managers; socialisation of local managers into the corporate culture; extensive use of international management meetings; auditors from headquarters; and formalisation and centralisation procedures."*

This increased range of managerial options for international companies does not mean that the use of expatriates will decline completely (Sparrow et al., 2004; Banai & Harry, 2006). While expatriation may be increasingly expensive, more difficult where dual career couples exist; whole families move and where it is harder to convince managers of the value of international experience (Scullion & Collings, 2006; Forster, 1992; 2000) companies also face other challenges involving expatriate alternatives. There may be a paucity of suitably qualified and experienced HCNs capable of managing subsidiaries, for example. Also issues of control, subsidiary turnaround, greenfield site development and investor relations may mean that expatriates have to be deployed over the life-time of an international subsidiary (Sparrow et al., 2004; Harzing, 1999; 2001; Banai & Harry, 2006). As such Harzing (2001 p. 375) recommends companies see the deployment of international managers as *"a strategic tool to achieve specific organizational goals"*. The HRD of such strategic international human resources is then a complex task given the range of international management alternatives available and their efficacy for organisational success.

### **The HRD of Strategic International Human Resources**

The key HRM interventions associated with managing international managerial resources include; recruitment and selection, training and development, measuring and evaluating performance, career management, mobility and relocation, and contractual and compensation issues (Brewster, 1991; Sparrow et al., 2004; Brewster & Scullion, 2001; Scullion & Collings, 2006). In addition there are pertinent issues spanning these interventions, which should not be ignored, such as the role of women, and other minority groups. The literature on these areas of HRM interventions is extensive and due to the limited space available within this paper only very abbreviated outlines of three of these fundamental practice areas will be provided.

- **Recruitment and Selection** – These two aspects of HRM are vitally important to developing competent international managers for a variety of reasons including; concerns over the quality and quantity of suitable individuals, the importance of international manager experience and abilities, and reports of expatriation failure (Brewster, 1991; Harris & Brewster, 1999; Scullion & Collings, 2006). There has been more focus on the selection area than recruitment primarily due to the controversial range of skills and characteristics demanded of international managers and the view that internal labour markets are the main route to international management positions (Scullion, 1992; Scullion & Collings, 2006). The determination of suitable selection criteria is another contentious area as Harris & Brewster (2001 p.355) identify;

*"selection criteria are largely the constructs of the international HR department: in practice decisions on expatriate selection are usually taken by line managers – who often simply ignore the selection criteria espoused by the HR department."*

Various authors identify a range of selection criteria in attempts to ensure successful international postings. These typically include the following; responsibility, maturity, adaptability, proficiency in languages, objectivity, team player skills, cultural empathy, initiative and creativity, customer focus, international awareness, strategic awareness, political nous, communication skills, and self-confidence (Barham & Oates, 1991; Brewster, 1991; Coulson-

Thomas, 1992; Harris & Brewster, 1999; Mendenhall & Oddou, 1985; Scullion, 1992, 1994; Torbiorn, 1982; Scullion & Collings, 2006). Though these skills do alter across industries and sectors (Kriegl, 2000; D'Annunzio-Green, 1997). The evidence also suggests that senior line managers often chose to limit the influence of HR specialists by selecting managers for international positions based upon technical competence, ignoring the risks of expatriate failure (Forster & Johnsen, 1996; Harris & Brewster, 1999). Harris & Brewster (1999) identify the informal and closed nature of selection systems in their research on UK multinationals. Overall then there is a suggestion that the recruitment and selection practices are associated with table stake best HRM practices based on internal industry conventions and informality. There are also aspects of best-fit influenced HRM practices too where senior line managers use arguments of competition and market conditions to determine international managerial postings. The RBV approach may be identified where companies adopt a more diversity oriented approach reflecting leveraging expertise and competence across the organisation that could be capitalised upon elsewhere in the world. Furthermore links between recruitment and selection criteria and other HRM interventions may suggest a long-term orientation towards developing human resources for competitive advantage. These links to the SHRM approaches are summarised in Table 1.

- **Training and Development** – Again a range of issues pertains to these two HRM practices including generic management training, socialisation activities, pre-departure activities and cross-cultural training, and international management development. Socialisation is seen to be an important where the adverse impact of national cultural differences can be ameliorated via a supportive corporate culture (Schneider & Barsoux, 2003). Evidence suggests companies try to provide opportunities to observe other organisational members, learn the company language and traditions, and participate in training activities (Arnold, 1997). Harzing (2001 p.374) identifies that “*Management trainees in large (multinational) companies usually follow a whole series of one- or two-week training courses*” to purposefully facilitate socialisation and network building amongst new recruits.

There is widespread empirical support for the view that pre-departure training can help expatriates adjust effectively into new host country cultures. However, companies from different parts of the world seem to have a less than consistent view of the value of such training. For example, pre-departure training is less likely to be provided by US companies compared with their European and Japanese counterparts (Baumgarten, 1995; Forster & Johnsen, 1996; Tung, 1982). Harris & Brewster (1999) identify several alternatives to training when preparing expatriates for successful international assignments, these include: informal briefings, ‘look and see’ visits, overlaps, and shadowing. Harris & Brewster (1999) recommend spouse and family are included but also warn that such an intervention can only be as effective as those briefing the assignees. Research into what expatriates want in terms of general practical, cultural and local business knowledge, identify more information is needed to aid their adjustment and future performance (Harris & Brewster, 1999). The degree of cultural distance between parent and host country is argued to have an important impact on the content and delivery of cross-cultural training too (Baumgarten, 1995; Harris & Kumra, 2000; Tarique & Caliguiri, 2004).

Storey (1994) classifies generic management development into three areas; formal directed structured methods (centrally provided by organisations), informal, unstructured self-development options (where managers create their own learning contracts and adopt problem-based development approaches) and finally, self-development methods which are guided and supported by various organisational mechanisms (mentoring and action learning). A key issue in management development is whether the corporate culture reinforces the organisation’s strategic priorities to participants (Sparrow et al., 2004; Storey, 1994).

Another aspect of training and development in international companies involves a move away from concentration on expatriates, typically PCNs, to identify interventions which develop HCNs and TCNs (Scullion, 1994; 2001). Scullion (2001) argues that the training and development of HCNs and TCNs should not be a case of simply exporting parent country programmes but should also reflect the strategic circumstances of subsidiaries and their business environments. It seems that training and development will constitute an important dimension in all international companies as they can achieve several vital tasks simultaneously: socialisation; technical and operational knowledge; cultural awareness and business acumen. However, the undertone of much of this literature is the need to engage with particular training and development practices in order to rise to the challenge of internationalisation, notably suggestive of the ‘best practice’

approach (Scullion & Collings, 2006). Table 1 identifies how the various training and development interventions may link to the SIHRM approach(es) adopted. The 'best practice' (or table stake) approach would suggest then that training and development activities be apparent in all international companies though those seeking advantage through human resources will take a more long term, integrated approach to these activities. External expertise may help support international management development and suggests the 'best fit' approach where expertise absent in the company is recognised elsewhere. As the adoption of the RBV approach to managing strategic human resources is more difficult to recognize it will probably be necessary to look beyond immediate training and development practices to establish how these are harmonized with other HRM practices designed to manage international managers.

- **Career management** – Harris & Brewster (1999 p. 488) suggest that: "*Many large organizations now see international management experience as a pre-requisite for promotion to senior management positions.*" There is, however, mixed evidence that a foreign assignment positively enhances managerial careers (Forster, 2000; Linehan & Mayrhofer, 2005; Scullion & Brewster, 2001). Career management itself understood as the organisational processes which facilitate individuals' careers to be managed for the mutual benefit of the organisation and the individual. However, such processes can be extremely wide ranging and confusion is common when many fall into what are often deemed to be other functions of HRM (Handler & Lane, 1997; Iles & Mabey, 1993). While international experience may not be a guarantee of career success many companies identify it is necessary to reach senior international executive positions, and the onus is on the individual to network and instigate his or her own development and career path (Linehan, 2006; Linehan & Mayrhofer, 2005). Companies use a variety of practices to manage the careers of their human resources, however, the contemporary international organisation arguably requires a more sophisticated arsenal of HRM practices (Baruch, 1999; 2004). The impact of technological, political, social and economic change in the business world has resulted in several new ways of thinking about careers, such as the boundaryless career, talent management, employer branding and changes to the psychological contract (Baruch, 1999; 2004; Scullion & Collings, 2006). One of the most prevalent processes deployed by organisations is succession planning where possible successors (immediate and long-term) for key posts are identified formally by the organisation (Hirsch et al., 1990). The advantages of succession planning includes more extensive lists for senior posts, swifter promotion and broader career experience for high potential staff, as well as an improved HRD profile and support for corporate culture (Baruch, 2004). Mendenhall et al. (1987; Linehan & Mayrhofer, 2006) emphasise the importance of succession plans identifying expatriates' probable length of stay, likely responsibilities whilst on assignment, and job position on re-entry.

Many authors have recommended that key organisational participants be provided with information about their own careers and the routes they may take within their organisation (Mendenhall et al., 1987; Woodall & Winstanley, 1998). Typically such information has been delivered through career workshops, personal development plans, and assessment centres, though technology can now provide access via corporate Intranet systems (Baruch, 1999; Bonache & Cervino, 1997). Companies also need to consider how to avert career dissatisfaction amongst HCNs alerting them to opportunities elsewhere in the organisation can be healthy for both individuals and organisations (Tahvanainen & Suutari, 2005).

Managing key staff has recently been the focus of HRM practitioner literature into 'talent management' (Sparrow et al., 2004; Scullion & Collings, 2006) where issues of identifying talent without cultural biases and across disparate portfolios are particularly apparent (Roberts et al., 1998). This is a considerable challenge for organisations. Baruch (1999; 2004) suggests a wider range of career management devices where companies are committed to managing their key human resources. The use of advanced IT systems to ascertain where talent lies and opportunities to achieve internal integration across HRM activities is seen to be vital in effective talent management (Baruch, 1999; Scullion & Collings, 2006). The tone of the career management literature for international managerial resources is highly prescriptive and there is a dearth of research regarding the way these practices are used to groom strategic human resources. Career management activities seem to exist to create added value within organisations and therefore play an important role in international organisations. Table 1 identifies how the different SHRM approaches are suggested by the extent of career management practices in the existing literature. The importance of integrating other HRM interventions with career management activities and the use of advanced IT systems suggests that companies will adopt such intensive and expensive practices. Career management

activities functioning as part of table stakes approach may only be discernible where managers about to complete international assignments are identified and considered for open vacancies.

The analysis of the existing literature on SHRM, IHRM and key HRM practices has been summarised (in the form of Table 1) and created new insights into how international companies' HRM practices can be understood in relation to the various forces affecting the way people are managed for competitive advantage. These insights will now be explored in relation to the empirical data collected in the international hotel industry.

### **Methodology**

The researcher used an industry definition for global hotel managers to determine her sample of IHCs. Initially 13 companies were identified but this reduced to nine due to concentration across the industry. One company did not participate in the study. As the purpose was to establish the SHRM approaches adopted in the management of international unit managers, senior human resource executives were pinpointed as the main respondents to the study. In line with the conclusions of Scullion & Starkey (2000 p. 1065) who identified a key role for corporate HR is the management of those *"identified as strategic human resources and seen as vital to the company's future and survival."* Experience of the international hotel industry verified these individuals as responsible for the deployment and development of hotel managers. A questionnaire was developed to ascertain an initial outline of the HRM practices used by the eight companies. This questionnaire was then followed by in-depth interviews with the same executives. The interview responses will be the main focus of this paper. The interviews also provided access to company documentation and opportunities to observe and talk to administrative teams who supported the HRM executives. These insights helped develop the context of the research. Over seventy documents were accumulated in addition to the eight extensive interview transcripts and other fieldwork notes. This data was mainly qualitative in nature and was analysed using manual and computer aided techniques (Miles & Huberman, 1994; Silverman, 1997; 1999).

### **Discussion of Findings: The HRD practices of International Hotel Companies**

Three levels of HRM practices were seen to appear from the data collected from the eight IHCs. Firstly there were practices that were common across all the companies. Secondly there were HRM practices which particular (strategic) groups of the companies deployed in relation to their specific strategies and market positions. Finally there were certain HRM interventions utilised by individual companies, typically in conjunction with other parts of their HRM practices, which demonstrated a heightened level of (resource) commitment to achieving competitive advantage through their human resources. Each of these three levels of findings pertaining to HRM practices for managing strategic human resources in the international hotel industry will be discussed in turn and are summarised in Table 2.

- **Core HRM interventions used to manage international strategic human resources**

It was evident that all the companies used key HRM interventions to manage their strategic human resources. Such practices included: a reliance on strong internal labour markets for UGM positions; training programmes; the use of performance appraisal as a mechanism for monitoring and evaluating human resources talent, the deployment of specific contractual agreements and conventions; the recurrent use of corporate communications channels; and specific HRM responses to cultural and international challenges (see Table 2). While these may represent the most typical of HRM practices (Brewster, 2006), with the exception of specific contractual arrangements and cultural and international challenges, they emerge in specific formats according to the responses of the executives. The three areas of HRM practices identified earlier form the basis for this illustration of the common HRM responses taken by the IHCs in their management of their strategic human resources.

Strong internal labour markets materialise from companies' beliefs in the importance of knowing 'how things are done' in specific brands and companies, and that hospitality and hotel management skills, rather than generic management skills are necessary for UGM positions. The companies were keen to use management promotion to perpetuate the company culture, and in response to adverse experiences of using external candidates, which is emphasised such sentiments as:

*'We needed a safe pair of hands, someone who knew us.'* (HR executive FranchiseKing)

Furthermore the justification for using external candidates in UGMs, as the exception rather than the rule, can be seen in the consistent comments about the problems of persuading internal candidates to relocate to specific parts of the world, and the absence of particular skills and expertise (languages, resort property experience) and insufficient quantity and quality of candidates overall to meet company expansion plans.

In terms of training programmes the composition of training programmes was remarkably similar across the sample. The executives acknowledged that much of the training undertaken was generic in nature linked to health and safety, food hygiene, language and craft training. The companies claimed their customer service training initiatives were unique to their organisations but under scrutiny such training programmes, and the methods used to deliver them, were comparable. Training was also used in specific ways in the companies as a form of organisational socialisation and glue. Especially at supervisory and management levels, training was delivered over several days and at different hotels with participants joining such sessions from across the company including franchisee and management contract units. Senior (regional and head-office) executives were also often present at these events, which had important communication and longer-term development schemes underpinning them.

Another common feature of the sample responses was the extent of influence all property owners had over the international hotel companies, as identified in the area of cultural and international challenges. The widespread use of management contracting as a market entry mode to achieve international growth resulted in owners influencing the companies' approaches to managing their strategic human resources. Typical of the comments regarding the owner relationship experiences, were those expressed by the Britbuyer executive:

*"We have owners for example, I should point out that about a third of our hotels we own and the other two-thirds we just run them for people, but we have owners who are very, very clear about the people who we are likely, or more often than not, we can't employ. Usually it's in terms of nationalities and colours, race and sexual preferences they don't like. It is their hotel and if they say I don't want somebody with red hair then you don't put somebody with red hair in, it's as simple as that. ... You laugh, but that has happened."*

The Anglo-American Premium executive also identified that the policy in his company was:

*"Within each unit we're allowed to hire or fire anyone, but also the owners have a say. Usually owners interview the three candidates we put forward for each GM position and invariably, well they select the candidate preferred by the company, though Vice Presidents often have to use some powers of persuasion."*

Particular parts of the world seemed to be associated with owner-company and owner-manager problems, in particular the Middle East, parts of Eastern Europe and China. These locations can be considered as vital geographical sites where IHCs must demonstrate their presence. None of the HR executives suggested that they could abandon such locations in the face of difficult owner-relations but wanted to emphasise the challenges involved. These common responses and the rationale behind their adoption indicated that the companies were adopting the table stake version of the best practice SHRM approach across their international portfolios (Boxall & Purcell, 2003; Boselie et al., 2002; 2003) primarily due to the consistent institutional pressures they all experienced as members of the same highly competitive industry.

- **Differentiator HRM interventions used to manage international strategic human resources**

In terms of HRM practices which differed across the sample the researcher had anticipated in line with the SHRM approach two clear sets of results. One would identify the HRM practices which differed across the IHCs in line with market positions and strategies, and the best-fit SHRM approach. The second set of results would identify idiosyncratic and integrated HRM practices facilitating the development of valuable, rare, inimitable, non-substitutable and rent achieving human resources in line with the RBV approach. The HRM practices did not fall into these neat levels, however, instead as Table 2 depicts another layer of common HRM practices emerged involving strategic groups.

- **HRM practices within Strategic Groups**

As the HRM practices began to be explored further it became clear that some companies shared similar HRM practices. These groups of companies were then analysed further using the preliminary data collected on their portfolios and strategies. This second level of shared HRM practices, this time within three small groups of IHCs, was due to variables associated with best-fit SHRM approach. Such patterns of HRM interventions were apparent where the executives identified: levels at which specific HRM practices were focused; different perceptions arose about management skills and transfers across brands, and international and domestic operations emerged; how cultural differences were viewed and treated; where managerial talent was to be found; and where specific career management techniques were targeted. Within the strategic management literature the concept of strategic groups has emerged as a way of understanding particularly close competitors in industries (Panagiotou, 2006; Reger & Huff, 1993). In the case of the eight IHCs the variables of; portfolio size, extent of internationalisation, corporate and business strategic choices and market entry modes, and product-market segmentation and brands, as well as similar HRM interventions demarcated the sample into the three strategic

groups. Table 2 summarises the similarities and differences between the three strategic groups (The Multi-branders, Mixed Portfolio Purchasers and Prestige Operators), their members and relevant HRM practices.

- **HRM practices associated with the RBV approach**

Within each company it was possible to identify HRM practices specific to that organisation (see Table 2). However, mere evidence of distinctive HRM practices does not suggest every IHC has been able to adopt the RBV approach. In fact three IHCs (FranchiseKing, Contractman International and Globalalliance) were seen to have evolved highly integrated and sophisticated HRM approaches and practices to develop and sustain their strategic human resources. These companies attempted to bundle HRM and wider organisational practices to achieve coherence and synergy between their strategies and the management of their strategic human resources.

### **FranchiseKing**

FranchiseKing, as one of the largest operators in the industry, provides a very distinctive approach to managing its relatively small cohort of international hotels and UGMs. Its approaches to managing its managerial resources across its owned, managed and franchised units are where its integrated and idiosyncratic HRM practices come to the fore. A competency framework had been developed based upon the behavioural attributes of not only its most successful UGMs, but also its franchise system and service managers to reinforce its hierarchy of brands and their standards. This competency framework enabled FranchiseKing to establish the quantitative and qualitative extent of its managerial talent and incorporate its HRM practices. This means the company has strict controls over managers' recruitment, selection, training, development, reward and socialisation on the basis of these competencies. Furthermore managers are expected to manage their own employees using the same behavioural framework. The competency framework serves a vital role reinforcing the proprietary brand standards and franchising knowledge in FranchiseKing.

### **Contractman International**

Contractman International benefited from a great deal of status in the international hotel industry and substantial autonomy from its parent company. It also prided itself in 'leading the pack' across a range of features including; the design of its facilities, use of technology, cultural sensitivity and development of human resources. Key to this claim was the preparations made for the transfer of staff at all levels across the company's hotel portfolio. It was the only company that had developed or used in any form a company-wide relocation or cultural adjustment programme with the express aim of tackling culture shock issues. This addition to Contractman International's approach to managing its international human resources may be distinctive but provides only one insight into a set of HRM practices designed to create advantage and is emblematic of the company's commitment to the international marketplace and to the heightened need for cultural awareness and sensitivity. Opportunities for all human resources rather than just managers were another core theme of Contractman International's approach with its transfer, training and appraisal systems. There was clear consistency and integration between these systems with an emphasis on international awareness and cultural adaptability alongside other more typical selection and performance criteria. These practices were co-ordinated through advanced IT systems with the regional HR offices playing a vital role in supporting, advising and updating unit HR managers. The underlying belief of these activities was Contractman International had to create an intangible human resource advantage due to its lack of asset value, as a company without its own properties and trading mainly on the knowledge and expertise of its people.

### **Globalalliance**

The nature of Globalalliance's SHRM approach to managing its international unit managers takes a more elitist attitude compared to Contractman International. It specifically aimed to achieve human capital advantage through its development of international managerial resources. The most distinguishing HRM intervention was a fast track development programme, which incorporated an MBA qualification and extensive international transfers and exposure across the company, far beyond the standard management development programme. Managers on this programme were protection to the extent that HR executives rather than senior operational executives had control over such human resources. In addition to the other integrative HRM practices designed to deploy and develop unit managerial resources these features created a critical and strategic role for the corporate HR function. Globalalliance credited the expertise of, and contribution made by its corporate HR office, by distinguishing key roles in strategy development and implementation. These views were 'part and parcel' of the devolution of much of its real estate in favour of more management contracts and marketing alliances, and substantiated by attempts to create added value and subsequently competitive

advantage through its managerial resources. Unit managers, those who 'really make the money for us', were very clearly pinpointed as Globalalliance's strategic human resources.

### **Implications and Conclusions**

The results of this industry focused research suggest that the spotlight on globalisation and glocalisation has dominated the strategic and international arenas of HRM for too long. National institutional and cultural factors undoubtedly have an impact on HRM practices and the way companies can pursue competitive advantage from their human resources, but industry factors deserve closer attention by HRM researchers. By analysing and then applying the established SHRM approaches to the IHRM context and specific international people management practices, this paper identifies a combined and simultaneous view of SIHRM approaches may be possible (Boxall & Purcell, 2003; Boselie et al., 2003). Such a view, which combines the external focus of the best-fit approach with the internal focus of the RBV approach and uses the insights from the institutional assimilation literature, offers a credible way of encompassing the dilemmas which contemporary organisations face when they attempt to create competitive advantage from their human resources.

The importance of international UGMs as strategic human resources for IHCs made them an ideal focal point for this study of SHRM approaches in international companies (Marchington et al., 2003; Forte, 1986). The data gathered highlighted that the sample of IHCs did indeed all adopt a table stake best practice approach discernible via certain HRM practices. Several reasons precipitated these common HRM practices including the limited number of market entry mode options IHCs have when they operate internationally and the extensive levels of homogeneity in their managerial resources. Companies only saw value in managers who had a hotel management education background and accordingly managed these resources in consistent ways (Gilbert & Guerrier, 1997; Bignold, 2006). Allied to these features is the fact that the corporate hotel industry is heavily influenced by its American forerunners (Nickson, 1999). As such then within an industry which serves the needs of particular international customers, and requires presence in key locations and the large-scale replication of units comparable HRM practices are likely to occur in responses to these industry institutional characteristics. Evidence of the best-fit SIHRM approach did not appear as anticipated within the results. Instead the companies from the sample were seen to have similar HRM practices and strategic and market positioning characteristics and were clustered into strategic groups. The best-fit approach suggests that companies can differentiate themselves by identifying a particular market position and developing strategies to achieve such a position. The line of argument is then that executives should identify and develop HRM practices which will support the achievement of these market positions and strategies. This research showed that companies often compete along such similar lines that differentiation in strategic and HRM terms, is difficult. The limited options in branding and market segmentation, organisation and structure and modes of growth and market entry expertise suggest that companies competing along the same strategic dimensions will adopt similar HRM practices within industries.

Finally, three of the companies were identified as adopting unique or distinguishing HRM practices, typically integrated with other aspects of their HRM or broader corporate and business strategies. Essentially these distinctive HRM practices were designed and implemented to create distinctive competitive advantage for the three companies concerned, in line with the arguments from the RBV approach. The executives within these companies emphasised the importance of these pivotal HRM practices and the opportunities they offered to harness competences and knowledge across their subsidiaries. It is then very difficult for companies to create distinctive HRM practices due to the institutional forces being applied from various directions. The research then suggests that HRM globalisation and glocalisation will be a function of an industry's and its corporate members' opportunities to differentiate themselves from their rivals whilst simultaneously maintaining some level of industry membership. Specifically within the hotel industry the structure of companies' international hotel portfolios, including the standardisation of their brands, their market level of operation and the market entry modes used create specific industry, strategic group and company specific requirements for managerial expertise, and consequently HRM practices.

This research also highlights new challenges for companies, their HRM executives, aspiring UGMs and academics. Companies and their HRM executives need to acknowledge the three different levels of factors shaping their HRM practices. Indeed the perspective taken by this paper, developed by combining the SHRM approaches together, suggests that executives should consider the industry constraints they face and explore how they can challenge these institutional pressures whilst at the same time reaffirming their industry membership. Building expertise and networks of support outside a company's immediate industry competitors may also reveal new ways of managing people which could lead to advantage when transplanted into a different industry. Aspiring UGMs need to be aware of the

constraints their employers face when developing their strategic human resources effectively across such diverse and disparate organisations. This knowledge could help aspiring international hotel managers identify where to develop their international experience, which skills to enhance and be able to anticipate their employers expansion plans and career opportunities. Finally academics need to explore further the industry factors which shape HRM practices and approaches to achieving competitive advantage through human resources. Further insights into the globalisation and localisation challenges facing companies need to be set in the context of the differing institutional pressures industries apply to companies as they operate internationally.

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**Table 1 Suggested SIHRM approaches and the HRM Interventions associated with International Managers**

<b>HRM Interventions</b>	<b>Table Stakes – Best practice approach</b>	<b>Best Fit</b>	<b>Resource based View</b>
<b>Recruitment and Selection</b>	<ul style="list-style-type: none"> <li>• <b>Internal and informal R&amp;S activities.</b></li> <li>• <b>Human resource specialists bypassed</b></li> <li>• <b>Internal company recommendations and technical competence as the standard means of achieving an international position.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Pressure to localise management cohorts by business partners</i></li> <li>• <i>International awareness as criteria for selection following examples of expatriate failure may be apparent.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Significant ties between R&amp;S and other HRM interventions. Consistency in selection criteria based on competencies or international awareness, tested through assessment centres and psychological tests</li> <li>• Diversity oriented approach with opportunities to access the international management cadre.</li> </ul>
<b>Training and Development</b>	<ul style="list-style-type: none"> <li>• <b>Achieves simultaneously; socialisation, technical and operational knowledge, cultural awareness and business acumen. Training in management and technical skills and business acumen.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <i>External expertise to support international management development</i></li> <li>• <i>Training in cross-cultural adjustment only apparent where the company originates from or locates in a country where such practices are encouraged or organisations seeking long-term advantages from internationalisation</i></li> </ul>	<ul style="list-style-type: none"> <li>• Training and development harmonized with other HRM interventions designed to manage international managers. For example succession planning, career counselling, promotion of internal vacancies.</li> </ul>
<b>Career Management</b>	<ul style="list-style-type: none"> <li>• <b>Basic overviews of managers about to finish contracts, and search for alternative positions within the company.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <i>More isolated examples of career management interventions, such as succession planning, career counselling based upon specific competitive dilemmas.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Integrated career management activities; succession planning, talent management, and advanced IT systems in companies with clear enabling capabilities</li> </ul>

**Table 2 Summary of HRM practices across the sample, strategic groups and company specific approaches**

	<b>Core across sample</b>	<b>Core within Strategic Groups</b>	<b>Unique – RBV?</b>
<p>Strategic group 1 - <b>The Multi-branders</b></p> <p>Euromultigrow FranchiseKing</p>	<p><b>Strong internal labour markets</b></p> <p><b>Training programmes</b></p>	<ul style="list-style-type: none"> <li>• More localised recruitment – related to critical mass of units</li> <li>• Distinct in-brand approaches and practices, few opportunities for x-brand moves – trying to overcome these bottlenecks</li> <li>• Competency framework and position guides used to identify skills and managerial talent to operate brands</li> <li>• Strong communication policies to create corporate heart and develop networks across diverse portfolios</li> </ul>	<p><b>Euromultigrow</b> – still strongly dominated and influenced by PCNs, ongoing attempts to change this. Also moves to consolidate brands into groups and facilitate economies of scale and (human) resources – lead to more x-brand moves in the future.</p> <p><b>FranchiseKing</b> – synergies sought between HRM practices, driven heavily by competencies and performance management framework</p>
<p>Strategic group 2 - <b>The Mixed Portfolio Purchasers</b></p> <p>Britbuyer USMixedeconomy (USME)</p>	<p>Performance appraisal and management</p> <p>Specific contractual arrangements</p>	<ul style="list-style-type: none"> <li>• Separation of international and domestic operations, management cohorts and HRM activities</li> <li>• PCN domination of corporate management recruitment</li> <li>• Attempts to build stronger corporate cultures and communication routes following mergers</li> <li>• Management development focused at regional and local levels</li> <li>• Career management interventions for senior management only</li> <li>• 'Good practice' HRM practices adopted from acquired/merged companies</li> </ul>	<p><b>Britbuyer</b> – international division driven by newly acquired company practices</p> <p><b>USmixedeconomy</b> – international division submerged newly acquired company</p>
<p>Strategic group 3 – <b>The Prestige Operators</b></p> <p>Contractman International Globalalliance Anglo-American Premium Euroalliance</p>	<p>Corporate communication channels</p> <p><b>Cultural and International challenges</b></p>	<ul style="list-style-type: none"> <li>• Global vision for managerial staff and development programmes used to these ends</li> <li>• Key location recruitment initiatives, access for HCNs</li> <li>• International moves facilitated</li> <li>• Strong corporate cultures but modified to fit with local cultures and customs</li> <li>• Cultural differences acknowledged and valued; language proficiency, adaptability, international exposure</li> <li>• Succession planning and career management interventions integrated with other practices</li> <li>• Ability to manage international challenges and owners valued</li> </ul>	<p><b>Contractman International</b> – cultural adjustment programmes, major role for senior HR personnel at regional and corporate levels, integrated HRM systems for all employees through IT</p> <p><b>Globalalliance</b> – fast track programme, powerful role for HR executives over unit management appointments</p> <p><b>Anglo-American Premium</b> – structured bonus scheme to reward performance</p> <p><b>Euroalliance</b> – cultural education programmes</p>