

ABSTRACT

This thesis examines contemporary human resource management (HRM) in the hotel industry in Taiwan. The hotel industry and the effective management of its human resources are of great economic significance for Taiwan, given the government's plans for doubling the number of international arrivals between 2002 and 2008 (Tourism Bureau 2005b). Yet previous research on this topic is scarce, consisting of only four studies, three of them unpublished Master's theses. Access to two of the studies is limited and all four studies have adopted a 'single issue' perspective in their investigation. This study has attempted a broader perspective, inviting exploration in an open-ended way of a range of contemporary issues and concerns. It also offers a literature review intended as a significant contribution in its own right, in its attempt to locate research helpful to the Taiwanese hotel industry.

The specific aims of this study were to explore the way managers in the hotel industry are thinking about what they identify as concerns, the HRM issues and practices they perceive as important in employee management, and the future plans they have for HRM. The data were gathered from the manager which each hotel identified as being best placed to discuss these issues. Findings from this study are presented with interpretation and commentary offered to compare the themes raised in this study with those identified in the literature.

Given the high proportion of quantitative studies in hospitality industry research across the world (Lucas and Deery 2004), a qualitative method is utilised in this research and in-depth interviews were chosen as the main vehicle for data collection. The characteristics of such qualitative research are exploratory and descriptive, creating a data set that is not possible to obtain through written questionnaires and surveys. Twenty-eight hotels were approached and fourteen hotels participated in this research, representing a 50 per cent response rate.

The results suggest that most participating hotels are focused on dealing with the day-to-day operational challenges of shortages of appropriately skilled staff, seasonal variations in workforce demand and employee turnover. While they perceive these issues as significant and challenging, they were mostly inclined to view these as ‘facts of life’ in the industry, and were relatively limited in their thinking about more fundamental and strategic solutions for dealing with them. However, some hotels are developing more innovative approaches to effectively engaging with these challenges, such as participating in joint-training programs with other hotels; developing long-term relationships with internship students; increasing employee empowerment and using the Balanced Scorecard (Nair 2004; Niven 2006) in performance management.

This study explores some ways in which these practical initiatives could be taken further. It also takes up a key theme which emerged from the interviews, namely the vital importance of developing sound customer service cultures and practices. Some practical ideas are explored to assist in this respect. On the bases of these findings, this study also concludes that human resource managers have a valuable

role to play in the executive management teams of hotels. This role needs to be further developed and encouraged. The current and emerging challenges facing the industry demand an approach to HRM which is far more strategic than the traditional focus of personnel administration; instead, HRM has a key role to play in creating and sustaining competitive advantage in organisations.

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DECLARATION

This thesis contains no material which has been accepted for the award of any other degree, and to the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the text of the thesis.

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Melbourne, Australia
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CHAPTER 1

Introduction

1.1. Background to the research

The focus of this particular research project, human resource management (HRM) in the hotel industry in Taiwan, was selected for three reasons. The first of these is the urgency behind the 'Double the Number of Visitors Visiting Taiwan' plan proposed by Taiwan's Executive Yuan – the highest administrative organ of the State - in 2002 (Council for Economic Planning and Development 2002). The objective of this plan is to develop Taiwan into a prime tourist destination, with the goal of increasing the annual number of international visitor arrivals to five million within six years. The importance of the tourism and hospitality industry cannot be overemphasised, particular for a small island without natural resources.

The second reason is that the importance of human resources to business success in any context has been widely recognised and deserves continued research. Richard and Johnson (2001) are among the many who argue that human resource management strategies impact on an organisation's overall effectiveness, and that the effective utilisation of human resources can give an organisation a competitive advantage. Duncan (2005) suggests that there are eight main areas of challenge and concern in the global hospitality industry and that the most important of these concerns people and employment. However, Lucas and Deery (2004) note that the hospitality industry has been of interest to a relatively small number of mainstream human resource academics compared with other industries. This

suggests that it is important to conduct research on human resource management in the hotel industry.

The third driver for selecting this topic is that research on human resources management in the hotel industry in Taiwan, specifically, is scarce at the time of writing. A search of the Electronic Theses and Dissertation System in the National Central Library of Taiwan produced only three documents specifically targeting human resource management in the hotel industry.

Gan's (1992) research '*The study of human resource management systems and typology in the hotel industry*', used questionnaires to investigate 200 middle-level managers' views about the status of human resource management in the hotel industry in Taiwan. Gan also interviewed 23 human resource managers to examine their HRM overall philosophy. The results suggested that organisational structure, employee attitudes, decision-making processes, and external environment have significant impacts on the form of human resource management system and structure. However, only the abstract of this study is available. Given, too, the relative age of the study, it is hard to make more conclusive use of its data.

Li's (2004) study of the '*The effects of organisational culture and HRM strategy on operational performance in benchmarked hotels*' used in-depth interviews to investigate four of the best performing five-star hotels in Taiwan. Li suggested that organisational cultures that are more innovative and customer-oriented are more likely to have better performance in terms of financial outcomes (revenue

and return rate), customer outcomes (service quality), and employee relations.

A third study, '*The effects of pension reform on HRM practices pertaining to the hotel industry in Taipei city*' (Wen 2005) utilised both questionnaires and in-depth interviews to investigate the perceptions of human resource managers in the hotel industry in Taipei. Wen's study examined the estimated effects of a reformed labour pension system on HRM practices. Many organisations in Taiwan do not provide pensions for their employees and labour costs are likely to increase with the implementation of the new labour pension system (Department of Labor Standards Division Four 2005). The result indicated that hotel establishments would adopt varied HRM practices, in terms of recruiting, educating, assigning, and retaining, in response to anticipated increases in labour costs. Of these, blocking annual salary adjustments is the approach most preferred by HR managers. Decreased training is the least preferred option, suggesting that training is perceived as being important. Again, more conclusive use of this data is limited because the thesis has been classified as 'restricted' for public use.

Gan's study was conducted fifteen years ago and is not necessarily reflective of contemporary circumstances, as the industry is now operating in a rapidly changing environment. Li's study investigated four hotels located in Taipei city, a relatively small sample size and while the results are suggestive, did not look at less well-performing hotels. Wen's study, focused as it is on a relatively narrow area of interest, while helpful does not provide a full picture of human resource management issues in the hotel industry in Taiwan.

A search of the published literature was even less fruitful. Only one study was found, '*The Manpower Requirements of Hospitality in Taiwan*' (Wu and Chen 2002), utilising questionnaires to investigate the demand and supply of the hospitality workforce. They noted a significant gap in terms of the selection criteria perceived to be important in the industry: the education providers believed that language proficiency and interpersonal communication was most important, while the industry regarded attitudes at work as the important factor. They also concluded that the three major HRM issues confronting the hospitality industry in Taiwan are the shortage of professional and qualified employees, the variation in workforce demand between peak and off-peak seasons, and employee turnover.

The relative shortage of contemporary research on this area attracted the researcher's attention and further reinforced the value of undertaking this research project. This study used a qualitative approach, covering a larger sample size and a wider range of establishments in terms of geography and location. It is also intended to be more inclusive in the range of issues covered.

1.2. Objective of the research

The main objective of this research is to investigate the human resources management issues identified as important to HRM managers operating in the hotel industry in Taiwan at this time. The themes to be explored include the human resource management issues which human resource managers identify as being of concern to the industry and their own organisation; the specific strategies and practices they employ to engage with them; and the further developments they are planning for the future. Thus, three central research questions were put to the

most senior human resources managers in a sample of chain hotels in Taiwan during 2006:

1. What are the major HRM issues and concerns in the hotel industry of Taiwan?
2. What are the major HRM functions and practices used to engage with them?
3. What are your future plans for HRM?

1.3. Overview of the research design

Due to the limitations of time and cost, it was not possible to investigate all the hotels in Taiwan. The major selection criterion for this research was that of the chain hotels because they account for the largest market share of the lodging industry (Angelo and Vladimir 2004) and dominate the four to five star hotel market (Timo and Davidson 2005). Their economic impact, as a group, is therefore significant. Both international chains and domestic chains were included in this research. At the time of writing, there were eight international hotel chains and nine domestic hotel chains, owning forty-six hotel properties in Taiwan. Fourteen hotels were sampled in this research, of which three were international chains and eleven were domestic chains.

The methodology used in this research was qualitative, investigating perceptions of contemporary human resource management in the hotel industry. A qualitative approach is appropriate for an exploratory and descriptive study (Creswell 2003). In-depth interviews were the major technique used in this

research. Ten interview questions were designed to address the three research questions. All participants were asked the same questions in the same order and in the same manner. When approaching each hotel, the researcher asked to interview the person best placed in the organisation to discuss the strategic human resource management issues in the individual organisation and across the industry generally.

This study also involved a survey of HRM practices in each participating hotel, desk research on the hotel industry in Taiwan and a major review of literature relating to HRM practices in the Asia Pacific region and in the hotel industry generally.

1.4. Outline of the thesis

This introductory chapter provides a general overview of the research background, research objectives, research method, and thesis structure. Chapter 2 introduces the background to the tourism and hotel industry of Taiwan, including the development of the tourism industry, the development of the hotel industry, and the current workforce of the hotel industry in Taiwan.

Chapter 3 attempts a new contribution to the literature. Acknowledging that research on HRM in the hotel and other industries in Taiwan is scarce, it explores the broader context of HRM in the hotel industry both in the Asia Pacific region and more globally. Similarities and differences between the region and Taiwan are discussed in some depth. In addition, the place of HRM theory and research in the hospitality management field is also discussed.

Chapter 4 presents the research methodology including the sampling method, sample selection, data collection method, and data analyses. This chapter introduces the survey instrument, consisting of ten interview questions, which were asked of each participating hotel. The major purpose of these interview questions was to directly address the three research questions. This chapter also explains in more detail the reason for choosing a qualitative approach and describes the researcher's experience of using this approach, in the hope of encouraging and assisting others who might wish to go down this path.

Chapter 5 provides a comparison of background information on the hotels in the research sample and the total population, and also the demographic profile and characteristics of the participating hotels.

Chapter 6 begins the presentation of findings, focusing on question one: the main HRM issues and concerns confronting the hotel industry in Taiwan and the individual participating hotels, as identified by those participants. The drivers and the causes of these HRM issues are also explored. Comparison is offered between the HRM issues raised in the literature and those identified in this study, both in the context of the Asia-Pacific Region and Taiwan generally, and in the hotel industry particularly.

Chapter 7 presents data relating to question two: the major HRM functions and practices used in participating hotels. This chapter presents the specific HRM practices considered important to create and sustain competitive advantage for the hotel industry. This chapter also investigates whether particular HRM practices

which are regarded as important in the literature are widely taken up in the hotel industry in Taiwan.

Chapter 8 presents the participants' future plans for HRM, including the sort of people who will be needed and further development plans for HRM. Having addressed the participating hotels' plans, some commentary is given to explore whether the hotel industry in Taiwan is innovative, proactive and future-oriented.

Finally, Chapter 9 includes a summary of findings, implications of the study, and some practical suggestions for hoteliers. In the context of the highly competitive hospitality industry, practitioners are advised to take a far more strategic approach to planning and in particular, to take more deliberate and constructive actions to deal effectively with future challenges. The limitations of this study and recommendations for further research are also offered.

1.5. Contributions of the research

As indicated earlier, research on this topic in Taiwan has been limited to date. This study is only the fifth one to have been undertaken, so far as this researcher has been able to establish. The research aimed to be more inclusive and extensive in terms of both sample size and issues raised.

The study explores the way managers are thinking about contemporary HRM issues, concerns, and practices, and their plans for development for the future, in the context of the hotel industry in Taiwan. It provides insight which should be helpful for hoteliers, enabling them to compare their perspectives and opinions

with the aggregated data and literature presented in this study. Hopefully, it will encourage them to consider more strategically and systematically the things they can do to more effectively position their HRM efforts.

This study also is positioned to be different in terms of its methodology, given the previous focus on quantitative approaches. As Lucas and Deery (2004) have suggested, qualitative research inquiries have great potential when exploring issues in the field of hospitality. The major approach used in this study has been a qualitative one - which is also relatively novel in Taiwan. The nature of qualitative research is exploratory and descriptive in its focus, inviting a deeper treatment of issues than would have been the case relying only on written surveys and opinion scales.

A further major contribution of this study is the scope of its literature review. It includes a brief introduction to human resource management issues globally and then more specifically in the Asia Pacific regional context, considering particularly the debate of convergence and divergence of practice (Rowley and Benson 2002). It then considers HRM in the economic and cultural context of Taiwan. It reviews HRM issues in the hotel industry globally, in the Asia Pacific region and in Taiwan. Commentary is offered on the still embryonic development and coverage of scholarship into HRM in the hotel industry compared with 'mainstream' studies of HRM.

The literature review also provides a map of issues against which to locate and compare the issues identified by the practitioners interviewed in this study.

Development of people's skills and behaviour was one of the major issues raised throughout this study. At a national level, this is an important issue, given the strategic goal of increasing the economic contribution of the hotel sector in Taiwan. Skill development across the board is clearly a critical factor in determining the competitive advantage of the nation, as it is in most, if not all countries.

The thesis also offers some practical suggestions for the enhancement of HRM efforts. Most particularly, these support the growing recognition in service industries that employees are unlikely to treat customers any better than they themselves are treated (Angelo and Vladimir 2004). Employees are internal customers of organisations and they will treat their customers as well as they perceive they are treated. The service industry has accounted for the majority of economic activity in Taiwan. This study further stimulates thinking about the strategic contribution of human resource management in this highly important sector. How to manage employees successfully in service-oriented organisations has become a crucial lever in creating and sustaining competitive advantage for these organisations.

Finally, this research, in both its method and content, has the potential to stimulate further comparative studies which examine HRM issues, functions and practices across the hotel industry, in the hospitality and tourism industries more generally, and indeed, in industries other than the hotel industry in Taiwan.

CHAPTER 2

Background on the Tourism and Hotel Industry of Taiwan

2.1. Introduction

This chapter provides background information on Taiwan and its tourism and hotel industry. An overview of the tourism industry is offered, including its importance, development and current situation, followed by a similar overview of the hotel industry.

2.2. A brief introduction to Taiwan

This section presents an insight into Taiwan's background, including its geographic location and climate, historical background, people and language, religion, economy, and politics. This information is officially provided by Taiwanese Government Information Office (2004) and the Tourism Bureau (2006a).

Geographic location and climate

Taiwan lies off the south-eastern coast of mainland Asia and the mountainous island arcs of the western Pacific and it is the largest body of land between Japan and the Philippines (Figure 2.1). The island of Taiwan is 394 kilometres long, 144 kilometres at its widest point, and shaped like a leaf. With a total area of nearly 36,000 square kilometres, Taiwan is separated from China by the Taiwan Strait, which is about 220 km at its widest point and 130 km at its narrowest. Being located in the subtropical climate zone, and in the path of warm ocean

currents, it enjoys warm and relatively humid weather all year round, although snow is visible on the peaks of high mountains in winter.

Figure 2.1 Map of geographic location of Taiwan



Source: Government Information Office, Republic of China

Historical background

‘Formosa’, meaning beautiful island, was what the Portuguese called Taiwan when they first came upon Taiwan in the 16th century and were impressed by the island’s beauty. Being isolated, it had not attracted world attention until the age of exploration and maritime conquest by Europeans. In the first half of the 17th century, European colonisation beginning with the Dutch and the Spanish colonised parts of northern and southern Taiwan. At the end of the 19th century Taiwan became a Japanese colony with the rise of imperialist expansionism. During the fifty years of Japanese colonial rule, Taiwanese society gradually

emerged from its traditionalism to become a modern society. In the latter half of the 20th century, Taiwan experienced its economic miracle and political democratisation, receiving significant worldwide attention.

People and language

Taiwan currently has a population of 23 million. Its density is 622 persons per square kilometre, making it the second highest in the world after Bangladesh. However, longer education and later marriages have reduced the birth rate. Since 1984, the population replacement rate has remained below 1 per cent and has dropped to 0.7 per cent in 2002, meaning that the average age in Taiwan is rising significantly.

In 1913, the Ministry of Education decreed Mandarin Chinese as the standard national tongue and the official language of Taiwan. However, the southern Min dialect or Holo is also widely spoken because many Taiwanese are the descendants of immigrants from the south-eastern Chinese coastal provinces of Fujian and Guangdong. The most popular foreign language in Taiwan is English, which is part of the regular school curriculum. Some elderly people can also speak Japanese, as they were subjected to Japanese education during the period of the Japanese occupation for half a century.

Religion

Taiwan has full religious freedom as a right of all people, which is guaranteed in the Constitution. According to the Ministry of the Interior statistics in 2002, there are 25 religions recognised by the government. It is highly diversified in

terms of religious faith; however, the traditional religions practiced in Taiwan are mainly Buddhism, Daoism, and folk religions. Most of the island's traditional places of worship combine all three traditions.

Economy

Taiwan's industrial structure has been transformed significantly in the past decades. In 2002, 67.10 per cent of the gross domestic product (GDP) was generated by the service sector, 31.05 per cent by the industrial sector, and only 1.86 per cent by agriculture.

Taiwan's economy has been tied with China in the past decade. A large number of Taiwan's industries have set up factories in China to take advantage of cheap labour and low overhead costs. Many of these manufacturers receive orders in Taiwan, produce their goods in China, and then ship the goods from China directly to their overseas buyers. According to statistics compiled by the Investment Commission of the Ministry of Economic Affairs, Taiwanese investment in China up to 2002 accounted for 43.39 per cent of Taiwan's total foreign investment. Sectors receiving the most investment were the electronics and electrical appliance, food and beverage, and plastic product industries.

Politics

The relations of Taiwan-China have played a critical role in political development in Taiwan. The two sides have had no official contacts since 1949, when the Chinese Communist Party established the People's Republic of China on the mainland. Throughout the 1980s, economic liberalisation, social diversification,

and political democratisation increased in Taiwan, with the government adopting a more open policy toward China. Even today, however, when trade, business, and unofficial contacts between Taiwan and China are expanding rapidly, Beijing still refuses to renounce the use of force against Taiwan. Potential conflict in the Taiwan Strait has continued to remain a serious threat to the stability of the Asia Pacific region and world peace for several decades. Taiwan-China relations are no longer merely a regional issue, but have become an important factor in international relations.

2.3. Background on the tourism industry

2.3.1. The tourism industry overall

Tourism is one of the world's largest and most dynamic industries with a high growth potential (Firag 2001a). The significant growth of the tourism market makes tourism one of the most remarkable economic and social phenomena of the past several decades. The number of international tourist arrivals globally increased dramatically from 25 million in 1950 to 763 million in 2004 (World Tourism Organization 2004a, b). International tourism revenues increased from NT\$66 billion (AU\$ 2.64 billion) to NT\$20,526 billion (AU\$821 billion) in the same period.

Sixty-five per cent of the world's population lives in Asia, and there is no doubt that this area plays a key role in future world tourism growth. Between 1950 and 2004, Asia and the Pacific experienced a thirteen per cent annual growth rate, on average of international tourist arrivals, which is twice the world average annual growth rate of 6.5 per cent (World Tourism Organization 2004a).

In terms of international visitor arrivals, the top ten destinations in Asia and the Pacific as of 2003 were China, Hong Kong, Malaysia, Thailand, Macao, Singapore, Japan, Republic of Korea, Indonesia, and Australia. Taiwan was the twelfth (World Tourism Organization 2004b). Table 2.1 presents the international tourist arrivals by country of destination in Asia and the Pacific.

Table 2.1 International tourist arrivals by country of destination (Thousands)

	1995	2000	2001	2002	2003
China	20,034 (1)	31,229 (1)	33,167 (1)	36,803 (1)	32,970 (1)
Hong Kong	10,200 (2)	13,059 (2)	13,725 (2)	16,566 (2)	15,537 (2)
Malaysia	7,469 (3)	10,222 (3)	12,775 (3)	13,292 (3)	10,577 (3)
Thailand	6,952 (4)	9,579 (4)	10,133 (4)	10,873 (4)	10,082 (4)
Macao	4,202 (7)	5,197 (7)	5,842 (6)	6,565 (6)	6,309 (5)
Singapore	6,422 (5)	6,917 (5)	6,725 (5)	6,997 (5)	5,705 (6)
Japan	3,345 (10)	4,757 (9)	4,772 (9)	5,239 (8)	5,212 (7)
Korea, Rp	3,753 (8)	5,322 (6)	5,147 (8)	5,347 (7)	4,753 (8)
Indonesia	4,324 (6)	5,064 (8)	5,154 (7)	5,033 (9)	4,467 (9)
Australia	3,726 (9)	4,530 (10)	4,435 (10)	4,420 (10)	4,354 (10)
India	2,124 (12)	2,649 (11)	2,537 (12)	2,384 (12)	2,726 (11)
Taiwan	2,332 (11)	2,624 (12)	2,831 (11)	2,978 (11)	2,248 (12)

Source: Adapted from *Tourism Market Trends, 2004 Edition*, World Tourism Organization

Tourism generates three major economic benefits to the host country, namely foreign exchange earnings, income generation, and employment (Firag 2001b). Foreign exchange earnings, in terms of foreign tourists' expenditures on accommodation, food, and travel in the host country, are considered the most important economic contribution of the tourism industry. Tourism is an important export for 83 per cent of developing countries and the main source of

foreign exchange earnings in the 49 least developed countries (LDCs) (World Tourism Organization 2003b). Tourism not only generates direct income but each unit of tourists' expenditure circulates within the economy creating more indirect income. The indirect income is returned to the local economy, and has a significant multiplier effect as it is spent over and over again. And tourism is a labour-intensive industry which has the potential to create more jobs per unit than any other industry (Varma 2001), including both skilled and unskilled jobs. Tourism generates employment through hotels, restaurants, entertainments, transportation and generates employment in related industries.

The importance of tourism in economic terms has been increasingly recognised in the developing and the developed world, particular for a small island nation, which faces geographical isolation and resource limitations. Many island nations have identified tourism as a major economic activity for socio-economic growth because it provides significant economic benefits. According to the *Annual Report on Tourism* in Taiwan (Tourism Bureau 2005a), the tourism revenue generated from foreign currency receipts was NT\$164.24 billion (AU\$6.57 billion) in 2005. Table 2.2 presents the tourism revenue and its ratio to Gross Domestic Product (GDP) in Taiwan. It is estimated that tourism foreign exchange revenue in Taiwan will increase significantly in the long term and is expected to generate NT\$306.2 billion (AU\$12.25 billion) revenue by 2015 (World Travel & Tourism Council 2005).

Table 2.2 Tourism revenue and the ratio to GDP in Taiwan

Year	Tourism revenue from foreign receipts (NT\$ million)	Tourism revenue from domestic travel (NT\$ million)	Ratio of total tourism revenue to GDP (%)
2001	\$131,703	\$235,851	3.96%
2002	\$151,272	\$225,984	4.06%
2003	\$98,208	\$208,065	3.25%
2004	\$133,749	\$243,441	3.55%
2005	\$164,241	\$197,340	3.17%

Source: Adapted from *Annual Report on Tourism 2005*, Tourism Bureau, Ministry of Transportation and Communications, Taiwan. (The exchange rate of NT dollar to AU dollar was 25:1 approximately)

2.3.2. Tourism development in Taiwan

Deliberate government intervention in the development of Taiwan's tourism industry began in 1956. The Taiwan Province Tourism Council was established and its purpose was to strengthen economic development and reinforce international and cultural exchange. In September of 1960, with the approval of Executive Yuan, a Committee of Tourism - the first official tourism industry committee - was established under the Ministry of Transportation and Communications (MOTC). In October of 1966, the Committee of Tourism became the Tourism Council. Finally, in June of 1971, the Tourism Bureau was established with responsibility for the development and management of tourism affairs. The Organisational Act of the Tourism Bureau, MOTC was enacted in December of 1972 for fulfilling the administration of domestic and international tourism policy making, execution, and development (Tourism Bureau 2005c).

Taiwan has interesting geographic scenery and a diversified culture that give it

great potential to develop its tourist industry as a major area of growth for the domestic economy. Taiwan's tourism industry began to grow in the early 1950s, and between 1976 to 1989 international visitor arrivals doubled from 1 million to 2 million. According to the Annual Report on Tourism (Tourism Bureau 2005a), there were 3.38 million visitor arrivals for business, pleasure or conferences by the end of year 2005. Table 2.3 shows that visitor arrivals and expenditures have increased over the past four decades. It should be noted that visitor numbers dropped 35.08 per cent in 2003 (Tourism Bureau 2003a) due to the Severe Acute Respiratory Syndrome (SARS) virus when entry to Taiwan was restricted. However, the numbers had returned to the previously high levels by 2005.

Table 2.3 International visitor arrivals and expenditures in Taiwan

Year	No. of visitor arrivals	Spending per person (NT\$)	Spending per person per day (NT\$)	Average length of stay (Nights)
1960	23,636	2,063	825	2.50
1965	133,666	4,505	1,238	3.64
1970	472,452	5,708	1,174	4.86
1975	853,140	13,900	2,206	6.30
1980	1,393,254	23,399	3,451	6.78
1985	1,451,659	21,897	3,364	6.51
1990	1,934,084	29,697	4,304	6.90
1995	2,331,934	46,499	6,301	7.38
2000	2,624,037	47,013	6,353	7.40
2001	2,831,035	50,532	6,856	7.37
2002	2,977,692	50,797	6,737	7.54
2003	2,248,117	43,681	5,481	7.97
2004	2,950,342	45,334	5,957	7.61
2005	3,378,118	48,617	6,848	7.10

Source: Adapted from *Annual Report on Tourism 2005*, Tourism Bureau, Ministry of Transportation and Communications, Taiwan. (The exchange rate of NT dollar to AU dollar was 25:1 approximately)

2.3.3. The current tourism industry in Taiwan

In 2002, Taiwan's Executive Yuan proposed a plan named 'Challenge 2008-National Development Plan' (Council for Economic Planning and Development 2002). The contents of the plan include ten key individual plans which were categorised into four investment themes.

The first theme is investment in people, with the objective of cultivating a workforce with good information technology, English, and creative skills. The specific plans are to enhance people's English proficiency, set up a system of online education, enliven youth education, and establish a social environment for lifelong learning. Another plan is to provide more English signage and a greater number of English speakers to assist tourists in service areas of industry and government.

The second theme is innovation and research and development (R&D) investment, and the goal is to develop Taiwan into a global R&D supply centre for high-value-added products. Three specific plans were developed to fulfil the goal, including integrating culture and economics in the development of creative industries; encouraging private investment in R&D to build Taiwan into a base for innovation and R&D in Asia; and developing higher value-adding industries.

The third theme is investment in global logistics distribution channels and its aim is to build Taiwan into a regional logistics headquarters for Taiwanese and multinational corporations. Three particular plans were established: developing Taiwan into Asia's most digitised country with six million broadband households

by 2008; building Taiwan into an ideal location for the establishment of regional operations headquarters by domestic and multinational enterprises; and integrating island-wide transportation systems to enhance Taiwan's overall competitive edge.

The fourth theme is investment in the living environment for the purpose of creating a sustainable living environment. The plans include doubling tourist arrivals; restoring Taiwan's natural ecology and creating a model for subtropical island ecologies; and applying creative ideas and local resources to build vibrant and colourful local communities.

The objective of the 'Doubling Tourist Arrivals Plan' is to develop Taiwan into a prime tourist destination, with the goal of increasing the annual number of international visitor arrivals to five million by 2008. Total spending needs for the "Doubling Tourist Arrivals Plan" is NT\$ 84.92 billion (AU\$3.4 billion), of which 89 per cent is contributed by central government (Council for Economic Planning and Development 2002).

According to the National Development Plan, there are five specific strategies proposed to achieve the goal of doubling tourist arrivals, namely reorganising existing tour itineraries; developing new tour packages and destinations; establishing a tourist service network by setting up rail tours around the island and building a tourist information network; launching significant promotional campaigns in target markets and organising Taiwan Expo in 2008; and developing the MICE (meetings, incentives, conventions and exhibitions) industry by increasing facilities for international conventions and cultivating professional

convention organisers.

After Taiwan's Executive Yuan proposed the "Doubling Tourist Arrivals Plan", researchers tried to forecast whether the goal could be achieved by the year 2008. Forecasting and modelling techniques are widely used in global or macroeconomic situations and simple time series models are often applied in predicting tourism and hotel employment (Iverson 1995). Lu & Hsu (2002) applied the Autoregression Integration Moving Average (ARIMA) model based on previous visitor arrivals from 1956 to 2001 to predict the numbers in 2008. The results show the number of visitor arrivals will be 3.75 million approximately in 2008, which is far from the goal of 5 million visitor arrivals.

Sun (2003) has advocated that the goal should not only concentrate on an aggregate number, but also focus on average daily spending and length of stay which are critical factors in determining the overall economic impacts of tourism. According to Sun's (2003) own research, visitors from Japan have the highest spending per person per day; on the other hand, visitors from Australia, New Zealand, England, and France generate the highest spending per person per trip because of their longer stay in Taiwan. However, based on the Tourism Bureau's Annual Report (2004), visitors from Australia and New Zealand numbered only fifty thousand, while visitors from Hong Kong, Korea, and Singapore totalled more than 682,000.

If these projections and observations are correct, both the public and private sectors will need to work harder to achieve the goal of promoting and developing

the tourism industry of Taiwan, and fully realising its potential economic impact. It is also important to create and sustain competitive advantages for the long-term prosperity of the tourism industry. Consistent with Porter's (1980) identification of competitive intensity as one of the five key industry forces, Chen and Chiu (2003) conducted a survey to identify Taiwan's major tourism competition. The results suggested that most of the main competitors are Asian countries including Japan, China, and Hong Kong. The competitive advantages of these countries are beautiful scenery, interesting cultures, high accessibility, well developed tourist plans, shopping paradises, and cheap prices. Chen and Chiu (2003) concluded that Taiwan's tourism development strategy should focus on improving the travel environment and promoting domestic tourism, rather than just increasing inbound overseas visitors.

2.4. Background on the hotel industry

2.4.1. The hotel industry overall

The hotel and tourism industries are complementary, and are also highly connected by the country's overall economic performance. According to the World Tourism Organization (2003a), the worldwide capacity of hotels and similar establishments totalled 17.4 million rooms in 2001, of which Asia and the Pacific contributed 22 percent of the world room capacity. Of the world's top twenty five destination countries by number of rooms in hotels and similar establishments, six were from Asia and the Pacific.

The future looks promising for the Asia Pacific region. Between 1990 and 2000, hotel capacity across the world grows annually on average by 3.1 percent, while

growth for Asia and the Pacific was 4.5 percent in the same period. Four countries from Asia and the Pacific showed much higher growth rates: China (12.4 per cent), Malaysia (11.6 per cent), Indonesia (6.7 per cent), and Thailand (6.6 per cent). More recently, hotel industry analysts forecast that two thirds of future hotel development projects and investments all over the world will be in Asia and the Middle East, and more than half of that will be in North Asia, mostly in China (Lu 2005).

2.4.2. Hotel development in Taiwan

According to the *Report on International Tourist Hotel Operations in Taiwan* (Tourism Bureau 2000), there have been five stages in the development of the hotel industry in Taiwan.

The era of the traditional hotels occurred before 1955. A ‘tourist hotel’ was any hotel with more than twenty rooms. There was only a small number of lodging facilities available for travellers and these provided a limited range of food and beverage services. The Grand Hotel, established in 1952, was one of the few that provided services for international visitors of a global standard.

Between 1956 and 1972, medium and large-sized hotels started to emerge as part of the general social and economic development of the country. Some larger hotels, such as The Ambassador Hotel, employed international professional managers and offered a wider range of customer services. In 1968, regulations governing the management of tourist hotels were issued by the Ministry of Transportation and Communications (MOTC), requiring tourist hotels to have

forty rooms, and international tourist hotels to have eighty.

In 1973, the Hilton Taipei was established marking the beginning of significant development of the international hotel sector. Hilton Taipei was the first international franchise hotel. However, this development of the industry stalled between 1974 and 1976 when new entries in the hotel industry were forbidden due to the natural energy crisis, which in turn resulted in a severe hotel shortage in 1977. The government subsequently relaxed entry requirements and many international tourist hotels were established, such as the Sheraton Taipei Hotel and The Ambassador Hotel Kaohsiung.

A second natural energy crisis had a significant impact on the hotel industry in 1982 and 1983. Economic recession forced the less competitive hotels to restructure or terminate their business. Low occupancy rates made hoteliers change business marketing strategies by generating more revenue from food and beverage departments. As a result, there was a significant focus on ensuring that diverse, gourmet cuisine was available for both international and domestic tourists. In the late 1980s, an economic boom saw locally-owned chain and international chain hotels build really large-scale hotels in Taiwan. The Hotel Royal Taipei, Howard Plaza Hotel, Rebar Crowne Plaza Taipei, and Holiday Inn Asiaworld Taipei were all established during that period.

From 1990 to the present (2007), more and more new hotels have entered the international tourist hotel market, which has forced the market structure to become highly competitive. These new entries place emphasis on luxurious

facilities and warm personal service in order to satisfy a diverse range of customers. International chain hotels, such as the Grand Hyatt Taipei, Shangri-La's Far Eastern Plaza Hotel Taipei, and The Westin Taipei have opened. The introduction of international chain hotels has significantly enhanced the ability of Taiwan's hotel industry to compete in an internationalised and global market.

2.4.3. The current hotel industry in Taiwan

Based on the lodging classification in Taiwan, the industry falls into four categories: international tourist hotels, standard tourist hotels, standard hotels, and home stays. International tourist hotels and standard tourist hotels are regulated by the national Tourism Bureau, in the Ministry of Transportation and Communications. Standard hotels and home stays are regulated by county or city government. International tourist hotels are four or five star hotels, which provide an exceptionally high level of service and luxurious facilities; standard tourist hotels are one to three star hotels. According to the *Annual Report on Tourism* (Tourism Bureau 2005a), by the end of year 2005 there were sixty international tourist hotels with 18,385 rooms and twenty seven standard tourist hotels with 3,049 rooms. The greater number of international tourist hotels relative to standard tourist hotels reflect the typical hotel industry profile in South-East Asia (Hsu and Gregory 1995). In South-East Asia, the hotel industry has traditionally been dominated by four or five star hotels, which are named "international tourist hotels" in Taiwan. Table 2.4 shows that the number of hotels and rooms has increased dramatically in the past three decades.

Table 2.4 Number of international & standard tourist hotels and rooms in Taiwan

Year	No. of international tourist hotels	No. of rooms in international tourist hotels	No. of standard tourist hotels	No. of rooms in standard tourist hotels
1970	14	2,163	72	4,701
1975	20	4,439	79	6,915
1980	36	9,673	97	9,654
1985	44	13,468	79	8,334
1990	46	14,538	51	5,518
1995	53	16,714	27	3,131
2000	56	17,057	24	2,871
2005	59	18,385	27	3,049

Source: Adapted from *Report on International Tourist Hotel Operations in Taiwan 2000* and *Annual Report on Tourism 2005*, Tourism Bureau, Ministry of Transportation and Communications, Taiwan.

Revenue per available room (REVPAR), which is the average room rate multiplied by the occupancy rate, is a widely used industry index for explaining hotel performance. As shown in Table 2.5, the average room rate and occupancy rate in Taipei city are higher than the national figures. This is because Taipei is the largest city and the majority of business and entertainment activities operate in Taipei. In 2003, the crises of Severe Acute Respiratory Syndrome (SARS) meant that many conferences, conventions, and exhibitions were cancelled. It caused average room rate and occupancy rates to decrease significantly. However, the numbers had returned to the previously high levels by 2004.

Table 2.5 Average room rate and occupancy rate in international tourist hotels

Year	Average room rate (NT\$)		Occupancy rate (%)	
	Taipei city	National	Taipei city	National
1999	\$3,380	\$3,025	66.86%	61.29%
2000	\$3,451	\$3,070	72.60%	64.85%
2001	\$3,528	\$3,072	69.65%	62.02%
2002	\$3,438	\$3,025	69.12%	61.63%
2003	\$3,177	\$2,855	57.37%	57.43%
2004	\$3,411	\$3,044	69.30%	66.22%
2005	\$3,565	\$3,114	76.96%	73.33%

Source: Adapted from *Annual Report on Tourism 2005*, Tourism Bureau, Ministry of Transportation and Communications, Taiwan. (The exchange rate of NT dollar to AU dollar was 25:1 approximately)

2.4.4. The current workforce of the hotel industry in Taiwan

Data from the *Survey on Earnings by Occupation* (Council of Labor Affairs 2005) in Taiwan, provides a profile of the workforce in the hotel industry. It indicates that people working in the lodging industry have lower salaries and work longer hours than people in the service industry overall. In 2005, the average salary per month in the lodging industry was NT\$28,238 (AU\$1,129.52), which was 75 per cent of the monthly salary in the service industry overall. The average starting salary for people who had no previous experience in the lodging industry was NT\$21,821 (AU\$872.84), which was lower than the service industry overall (NT\$23,651 or AU\$946.04). Average working hours per week in the lodging industry were 44.78 hours, which was slightly higher than the service industry overall, at 42.31 hours per week.

Just over twenty per cent of the lodging industry has employed ‘dispatched’

workers, who are employed by the agencies but work at the client's premises and direction (Kalleberg 2000). This is high, compared with just over 7 per cent for the service industry generally. The employment turnover rate in the hospitality industry was 4.11 per cent, compared to 2.6 per cent across the service industry. These statistical data suggest the hotel industry is not a favourable and attractive industry for people to work in, and that hoteliers have challenging but key issues to manage in relation to human resources.

Nobody denies the importance of people to business success, particular in the service sector. Hotels are 'people intensive', and customer service and the quality of personal experience are key differentiation points for individual hotels. The majority of products and services are delivered by people who in turn, in combination with the visitors themselves, generate the social and cultural dynamics of the industry. The following chapter will explore the importance of human resource management and its strategies, practices and policies in the hotel industry.

2.5. Chapter summary

This chapter has explored the overall tourism industry and the hotel industry in Taiwan. Tourism is one of the largest and most dynamic industries with a high growth potential. It affects and is affected by the nation's economic performance. Tourism generates three major economic benefits including foreign exchange earnings, income and employment. Therefore, the importance of tourism industry has been highly emphasised, particular in a small island nation which has geographic isolation and resource limitations.

Compared to other regions, the growth potentiality of the tourism industry in Asia and the Pacific is particularly strong. In terms of international visitor arrivals at the time of writing (2007), Taiwan is in eleventh position, out of 36 countries in Asia and the Pacific region. It indicates that Taiwan is an attractive destination for international visitors and has high potential to further develop its tourism industry. Taiwan's Executive Yuan proposed the 'Doubling Tourist Arrivals Plan' to promote the tourism industry, and intending that the number of international visitor arrivals would be more than five million by the year 2008.

There are many different sectors in the tourism industry, and one of these is the hotel industry. Hotels represent a labour-intensive customer service industry and the people are the essence of the hotel operation. However, it seems that hotels are not necessarily an attractive place to work. The following chapter will explore the importance of human resource management and how to create and sustain competitive advantage through managing human resources in the hotel industry.

CHAPTER 3

Literature Review: Putting Human Resource Management in the Taiwanese Hotel Industry in Context

3.1. Introduction

As indicated in the previous two chapters, the growth of the tourism industry is an important part of Taiwan's future economic aspirations and plans. Clearly the hotel industry has a major part to play in that future. In this context, the management of human resources in these hotels is of particular interest, assuming that effective management of these resources has a key role to play in the effective operation of the hotels.

It was pointed out in the introductory chapter that literature on HRM in the hotel industry in Taiwan is scarce, although there is a slightly larger literature on HRM in Taiwanese industry and commerce more generally. This gap in the literature provided a powerful incentive for the present study, which aimed to explore the way HRM issues are perceived within the hotel industry in Taiwan and explore whether these issues are consistent or inconsistent with the issues identified in other industries in the Asia Pacific region or in Taiwan.

The chapter begins by reviewing the literature available on HRM in Taiwan, commencing with the hotel industry. It then puts this literature in several contexts, beginning with HRM in the hotel industry globally and then in the Asia Pacific region. It compares the issues identified in the literature for Taiwan's

hotel – and for its organisations more generally – with those raised in the literature for the Asia Pacific region. It concludes with some commentary and speculation about the way the HRM literature is developing in relation to HRM in the Asia Pacific region. It is hoped that this literature makes a fresh contribution, not only by summarising what relates directly to Taiwan but by considering that literature in its emerging regional context.

3.2. HRM in the hotel industry in Taiwan

As indicated in the introductory chapter, there have been three unpublished theses written on HRM in the hotel industry in Taiwan. However, the details of the research are not available for two of the studies. The third one study, '*The effects of organisational culture and HRM strategy on operational performance in benchmarked hotels*' (Li 2004) investigated four of the best performing five-star hotels in Taiwan. However, this study examined four hotels located in Taipei city, a relatively small sample size and while the results are suggestive, did not look at less well-performing hotels.

Wu and Chen (2002) have conducted the only published research project to date, '*The Manpower Requirements of Hospitality in Taiwan*', considering both demand and supply perspectives of the labour equation. In terms of demand for labour, they investigated 138 different levels of hotels, including international tourist hotels, standard tourist hotels, and standard hotels. In terms of supply of trained labour, 113 different levels of education institutions were investigated, including senior vocational schools, colleges, universities and graduate schools, with hospitality or tourism related programs.

These researchers concluded that the three major HRM issues confronting the hotel industry in Taiwan are the shortage of professional and qualified employees; the variation in workforce demand between peak and off-peak seasons; and the high turnover rate. They also noted a significant gap in terms of the selection criteria perceived to be important in the industry: the educational institutions believed that language proficiency and interpersonal communication as most important, while the industry regarded 'working attitude' as the important factor because of its perceived linkage to organisational image and performance.

At around the same time as the Wu and Chen study, the Taiwanese Tourism Bureau published the '*Tourism Policy White Paper*' (Tourism Bureau 2002) and proposed that one of the four most important issues in the tourism industry is a significant gap between the supply and demand for appropriately skilled staff. More than one hundred senior vocational schools, colleges, and universities offered hospitality or tourism related programs. Even so, according to the White Paper, they did not provide a sufficient and appropriate workforce for the industry. Most students prefer to pursue higher education in university or graduate school, rather than working in an entry level position in the hospitality industry. Educational institutions have also focused on more theoretical coursework and have been criticised for not being sufficiently practical. The White Paper concluded that the hotel industry has no strong motivation to recruit new employees directly from the school and college system which means that significant education resources are being wasted.

Adding to this fundamental and existing gap between supply and demand, Wu and

Chen (2002) found that some hotels plan to invest in Mainland China over the next few years and that the major source of their human resources will be recruited from Taiwan. Lu (2005) has predicted that more than half of worldwide future hotel development projects and investments will be in China and that it will need to train and educate more than one million people a year for the hotel industry. The need is there although not enough facilities and trainers can be offered. Compared to Mainland China, Taiwan has better human resource development (Low 1998) and it provides an incentive for hoteliers to recruit skilful and knowledgeable talents from Taiwan, particularly given their familiarity with the Chinese cultural background and language literacy. It is expected that the problem of brain-drain and human capital outflow will lead to a significant problem for human resource management. ‘Hollowing-out’ of industries, capital, and talent will continue being a challenge in employee management in Taiwan, not only for the hotel industry but also for others.

A second major issue identified by Wu and Chen is that of seasonal variation in workforce demand. It is an industry where the workforce demand is highly unpredictable and seasonally variable, so that heavy reliance on casual and part-time employees is common. How to manage and deploy these flexible workforces effectively and efficiently has become a significant challenge for human resource managers.

The third issue identified by Wu and Chen was employee turnover. Employees need to work unsocial hours and be on duty when the rest of the world is off. As noted previously, it seems that high levels of turnover have been a specific

characteristic of the hotel industry globally, with vacancies in this sector being more difficult to fill than any other industry (Alleyne et al. 2006). The challenges of maintaining service quality in intensive face to face customer situations with new, untrained, and inexperienced staffs are particularly significant, as Lucas (2002) and Lucas and Deery (2004) have argued.

This one study needs to be put into a much broader context, given that it stands alone at this time of writing. The most obvious context is that of HRM issues identified as important for Taiwan more generally. The next section of this chapter moves on to review that context. Although it should be noted that the number of studies is small, all that were available have been included.

3.3. HRM in Taiwan

3.3.1. The economic and cultural background

In the Asia Pacific region as a whole, the linkages between economic development and effective HRM has been highlighted by a number of writers (Budhwar 2004; Debrah and Budhwar 2004; Huang 2001; Zhu 2004). Zhu (2004) has highlighted some specific aspects of the macro-economic environment that have been important drivers for organisational and HRM changes in Taiwan specifically. The major changes include relocation of the production processes from Taiwan to other Asian developing countries, and giving up labour-intensive industries and low value-added products and moving to technology-intensive industries and high value-added products (Zhu 2004).

Many Taiwanese manufacturing companies have been expanding their operations

to China and South East Asia in the past two decades for two related reasons. One is that Taiwan has financial strengths and a highly educated - and therefore relatively expensive - workforce. The other is that those countries have lower operating and labour costs. Among these countries, China has been the major destination for Taiwan's direct investment for the past ten years. Although government policy has shifted from labour-intensive industry to capital-intensive and high-tech-intensive industry, from low value-added industry to high value-added industry, both traditional manufacturing companies and high-technology and service industries still have strong incentives to move their operations to China (Wu 2004; Zhu 2004).

By contrast, the hotel industry is the 'odd man out' here, compared to other sectors. While Taiwan is moving to high value-added products and services orientation, the hotel industry is more likely to be needing to import lower-skilled labourers. Hotels are labour-intensive and represent the core of the hospitality and tourism sectors. Rather than being giving up, the hospitality and tourism sectors are being intensively promoted by the Taiwanese government and regarded as one key plans in national development plans (Council for Economic Planning and Development 2002). This has implications for HRM which are highlighted and reinforced by the findings of the present study.

The cultural context is also important. Several researchers have suggested that HRM philosophy, strategy, and practices are highly reflective of cultural factors (Chen 1997; Hsu and Leat 2000; Huang 2001; Rowley and Benson 2002; Wu 2004; Zanko 2003; Zhu 2004; Zhu et al. 2000). Hofstede (1980) has associated

Confucian societies with a high power distance between supervisors and staff, and a low level of individualism such that individual initiative is discouraged and a collectivist culture is valued. Zhu et al. (2000) suggest that collectivism explains norms of reciprocity, trust, teamwork solidarity and dedication. Wu (2004) contends that harmonious attitudes lead to a more cooperative relationship between employer and employee, which should make it easier to implement HRM policies in the workplace.

Wu (2004) suggests that if Confucian philosophy is embedded in the organisation's culture, and is the key value set of staff and management, it will be reflected in HRM approaches and practices. Indeed, Confucianism has had a significant and distinctive impact on HRM in Taiwan, in terms of recruitment and selection, payment systems, work relations, and management style (Chen 1997; Hsu and Leat 2000; Zhu 2004; Zhu et al. 2000).

In a study of recruitment and selection policies and practices in Taiwan, Hsu and Leat (2000) investigated 180 companies in the manufacturing industry due to its substantial contributions to the economic growth in the past decades. They suggested that it is common for recruitment practices to reflect family traditions, the hiring of friends, relatives and family members in traditional Chinese business organisations. Chen (1997) points out that one aspect of nepotism is that non-family members are not as trusted by the owner. These businesses hire close relatives or friends as employees to ensure high loyalty and low turnover. These practices reflect a strong sense of family duty and obligation, and it is not surprising that the family business is still the dominant type of organisation in

Taiwan (Huang 2001).

Seniority-based compensation also reflects Confucian philosophy, with most employees receiving promotion and pay increase as a result of tenure (Chen 1997). Teamwork has been rooted in the Taiwan cultural context, with its valuing of collectivism and harmonised work conditions (Zhu et al. 2000). These cultural dynamics make it difficult for enterprises in Taiwan to implement individual performance pay; instead, group or team-based performance pay is more common (Zhu 2004).

In a survey of the changes in HRM in Taiwanese enterprises, Zhu (2004) used an intensive qualitative case study approach and investigated 14 enterprises, covering a wide range of variables in terms of ownership, size, business sector, and location. Among these 14 enterprises, only four were practising individual performance pay. Of these, two were US subsidiaries; one was a large Taiwanese private enterprise in manufacturing and one was a small Taiwanese private enterprise in the service sector.

It has been well-documented since the 1950s that formalisation and mechanisation of HRM practices and policies vary with organisation size (Donaldson 1985). Of interest, however, is that some researchers have also proposed that differences in company size are associated with differences in HRM practices in Taiwan (Hsu and Leat 2000; Huang 2001; Zhu et al. 2000). Zhu et al. (2000) conducted an intensive qualitative and quantitative case study approach and investigated seven small and medium enterprises (SMEs) and seven large enterprises in Taiwan,

covering a wide range of sectors, such as manufacturing, trading, infrastructure, and market and financial services. While they found that both family owned SMEs and large enterprises favoured teamwork. They also found that the larger the number of workers employed in companies, the more likely it is that more formalised and systematic HRM practices and policies will be adopted. (Zhu et al. 2000).

In their study of manufacturing industry in Taiwan, Hsu and Leat (2000) suggested recruitment methods and selection techniques varied significantly with company size. For instance, large firms are more likely to use aptitude tests, psychometric tests, skill or knowledge tests, panel interviews, assessment centres, and medical examinations than small firms; large firms appear to use transfers, job rotations, and promotion-from-within more frequently than do small and medium-sized firms for managerial and professional positions.

Several researchers have also noted that differences in the cultural identity of business owners are associated with different HRM practices in Taiwan (Hsu and Leat 2000; Huang 2001; Wu 2004; Zhu et al. 2000). Huang (2001) conducted a survey about the HR role and function of 315 companies in Taiwan and suggested that American-owned companies spend more time on the handling of industrial relations and grievances than Japanese-owned and Taiwanese-owned companies, while Japanese-owned companies spend more time on health, safety and working conditions than American-owned and Taiwanese- owned companies.

Hsu and Leat (2000) suggested that recruitment methods vary significantly with

ownership identity. For example, Western-owned firms tend to use recruitment consultants and executive search consultants more than Japanese-owned and Taiwanese-owned firms for managerial and professional positions; while Japanese-owned firms appear to employ new graduates directly from colleges or universities more frequently than do Taiwanese-owned and Western-owned firms for entry level vacancies (Hsu and Leat 2000).

In a survey of HRM in Taiwan, Wu (2004) investigated 190 firms from the manufacturing and service industry. Of these, 152 were Taiwanese-owned, 18 were western-owned and joint ventures, and 20 were Japanese subsidiaries and joint ventures. Wu suggested that performance appraisals show significant differences related to the cultural identity of owners. Western-owned companies focus more on objective, quantifiable results, face-to-face appraisal interviews, and direct feedback to employees more than Taiwanese-owned and Japanese-owned companies. Western-owned companies emphasise open communication and provide a variety of communication channels through which their employees can exchange opinions. They also put more emphasis on empowerment and allow their employees to make their own decisions to a certain extent (Wu 2004).

This culture-HRM linkage highlights the strong influence of the socio-cultural context. A conflict between traditional leadership styles and western leadership styles might create a dilemma for managers in contemporary Taiwan (Yu and Miller 2003). More generally, several commentators have questioned the applicability, suitability, generalisability, and transferability of western organisation theories, management techniques, and HRM models in the Asian

context (Budhwar 2004; Debrah and Budhwar 2004; Hsu and Leat 2000; Wu 2004). Wu (2004) has argued that despite organisations in different countries becoming more convergent in terms of characteristics, technologies, and structures, the behaviour of people within organisations still maintains its strong cultural sensitivity. Western organisations operating in the Asian context may find it difficult to implement certain HRM practices in their subsidiaries, due to significant cultural and institutional differences (Budhwar 2004).

There is no doubt, however, that HRM is undergoing transformation in Taiwan and other Asian countries (Debrah and Budhwar 2004). Debrah and Budhwar (2004) have argued that it is unlikely that one specific model or approach will emerge and have suggested that what is likely to be sustained is the current hybrid system which is based on a mixture of both traditional Asian characteristics and western rationalised approaches.

3.3.2. The development of HRM in Taiwan

Several writers suggest that there have been, in fact, three stages in the development of HRM in Taiwan (Farh 1995; Huang 2001; Wu 2004). In the first stage, prior to the mid-1960s, HRM was an administrative function and its major role was book-keeping in the areas of attendance and leave records, payroll and welfare, hiring, and evaluation.

In the second stage, between 1965 and 1985, some US and Japanese multinational companies, like IBM, Texas Instruments, and Mitsubishi, established subsidiaries in Taiwan. These multinational companies brought with them their

home-country personnel management practices and Taiwanese-owned companies learned quickly from them. HRM developed a more hybrid style, integrating some aspects of American, Japanese, and Taiwanese HRM approaches.

In the third stage, post 1985, Taiwan's industry became more service-oriented and more focused on information technology (IT). Some human resource departments have become actively involved in the formulation of business strategies and HRM issues have been brought into the boardroom. During this stage, the HR function has become much more significant, moving toward to a more proactive approach as well as a more strategic role. These stages of development have occurred in many countries, in both Asia and the world, as discussed earlier. However, there are some characteristics of its HRM practices and systems that are distinctively Taiwanese.

As suggested already, human resources management in Taiwan needs to be considered in the context of historical, political, social cultural and demographic and economic trends and conditions. Fluctuations in the general economic global environment have had particular local impacts. At the time of writing, training and development has been identified as the most challenging issue for HRM in Taiwan (Drost et al. 2002; Huang 2001; Wu 2004). Since Taiwan has experienced a rapid industry transformation from traditional manufacturing to high added value and service industries, it has been crucial to establish a learning environment, upgrade employees' skills and knowledge, and develop a multiskilled workforce. It is believed that the development and retention of skilled human resources in the future will play a critical role in driving growth and

economic development in Taiwan (Huang 2001).

Taiwanese governmental authorities play an active role in emphasising the importance of training and development and have implemented several policies to facilitate effective action in this area (Lin 1997). The Bureau of Employment and Vocational Training (BEVT) was established under the Council of Labour Affairs' policy guidelines. The major functions of BEVT are to expand the scale and the scope of vocational training, upgrade worker skills, improve the effectiveness of employment services and encourage employment suitability. All HR professionals face the challenge of how to retain high quality employees and maximize their learning capability to ensure the future of Taiwan's industrial success.

Recruitment and selection - attracting and retaining talented performers - is the second most challenging area for HRM in Taiwan (Lin 1997; Wu 2004). This issue is twofold. It has been difficult to recruit at the basic level of skill (Lin 1997), and statistics of the Council of Labour Affairs (2006) show that, in response to this situation, total foreign labour in Taiwan has increased from 3,000 in 1991 to 327,396 in 2005. At the same time, it is also difficult to recruit senior managers and professionals (Wu 2004), due to the transformation from low value-added industry to high value-added industry. Farh (1995) predicted this shortage of labour ten years ago and indicated that it would be a continuous concern for Taiwan in the future. This prediction has been proved correct.

Human resource planning is another major concern. In theory, human resource

planning is about predicting and ensuring the right number of the right people to the right task at the right time (Lin 1997). It is not possible to expect a stable labour demand and supply equation and a static business environment in such a fluctuating global context. Matching demand and supply for both transient and long term needs has been a critical task, particularly in a country where industry is transiting rapidly to a capital-intensive, technology-intensive, and service-oriented paradigm (Farh 1995). This issue is a challenge for any country and any firm competing in global markets and uncertain economic circumstances.

The issue of employment security is also one of wide concern for Taiwan, given the rise of China and the impact of globalisation. Taiwan has traditionally been viewed as a low cost site for manufacturing; however, as wages and other operating costs began to increase, several labour-intensive industries were not able to retain their business in Taiwan and have moved their operations to low cost nations such as China, Vietnam, Indonesia, Malaysia, and Thailand during the past ten years (Farh 1995; Glinow et al. 2002; Huang 2001; Warner 2002; Wu 2004; Zhu 2004). The migration of jobs has been accompanied by the migration of capital, which may in turn result in the 'hollowing-out' of industries (Chen 1997). The termination of business operations in Taiwan has led to plant closures, and job loss (Zhu 2004).

Combined with the recruitment of Taiwanese expatriates to manage business activities in China, Taiwan faces the double threat of the loss of both lower skilled and highly skilled talented employees (Wu 2004). Such a turbulent environment and economic difficulty also challenges the idea of lifelong employment, causing

companies to consider the cost and impact of changes to the psychological as well as the economic employment contract.

3.4. HRM in the hotel industry globally

3.4.1. The state of global HRM practice in the hotel industry

In the context just described, the importance of human resources management cannot be overemphasised, for any industry in Taiwan. Hotels represent a particularly labour-intensive customer service industry where people are largely the essence of the hotels' day to day operation. The hotel industry world-wide, as well as in Taiwan, has its own distinctive HRM challenges.

According to Duncan's (2005) research, there are eight main concerns in the global hospitality industry, relating to employment issues, taxation levels and environmental issues. Employment issues include increases in minimum wages, increasing flexibility of working hours, and increasing reliance on overseas workers. The taxation issue is the perception that high rates of Value Added Tax (VAT) on hospitality will discriminate against tourism. The major environmental issues are bans on smoking in public places and compliance with the Disability Discrimination Act. Licensing and gaming licences causes particular difficulties for hotels specialising in family holidays and in resort locations because under-18s are restricted in the bar areas of licensed premises. The classification of hotels is also being debated in reviews of what is fair and appropriate for the global industry. Issues of food are to do with health and safety, healthy living, and the use of genetically modified foods. And the issue of music copyright concerns the proposed fee on background music being played in the public spaces of

hospitality establishments. Of these, Duncan suggested that employment and taxation issues seem to be the most important across the globe.

Huselid (1995) has suggested that improving employees skills, knowledge, motivation and retention is a distinctive source of competitive advantage in the hotel industry. Indeed, Huselid argues that HRM approaches which can achieve 'high-performance work practices', will have a significant impact on corporate performance in all major industries. Delaney and Huselid (1996) also claim positive associations between human resource management practices and firm performance in both profit and non-profit firms.

The hotel industry depends heavily on direct contact between employees and customers. Inevitably, how to create an intensive 'hands on' customer service culture through human resource management has become a main goal for hoteliers. As a result, the potential impact of high-performance work practices could be expected to be as high, possibly even higher, than in other industries (Crook et al. 2003).

Several researchers have explored actual HRM approaches and practices in the hotel industry, comparing them with other service or manufacturing industries globally (Hoque 1999c; Kelliher and Johnson 1997; Lucas 2002; McGunnigle and Jameson 2000). Nearly ten years ago, in a survey of the foreign-owned UK hotels, Kelliher and Johnson (1997) argued that there was little evidence of a shift from 'personnel management' to 'human resource management'. Most employee management activities reflected old-fashioned thinking and techniques,

relative to other industries. They emphasised the necessity of adopting more sophisticated approaches and innovative human resource practices because employees play a critical role in determining service quality in hotels. In other words, 'the hotel industry should be leading a move towards HRM rather than being content to follow' (Kelliher and Johnson 1997).

However, specific studies offer conflicting data. Hoque (1999c) has presented a more positive view of HRM, at least in the UK hotel industry, and suggested there was no evidence to show manufacturing establishments have a higher level of interest and practice in HRM. Hoque found HRM practices, in terms of training, communication and consultation, and systematic terms and conditions of employment, were more widely developed and used within the hotel industry than within manufacturing. Hotels had more strategic approaches to human resource management and were more likely to have an HR strategy, formally endorsed and actively supported by top management than did manufacturing establishments. Furthermore, a higher proportion of the hotels had achieved some integration between HR policy and business strategy, with mission statements more likely to refer to HR issues explicitly (Hoque 1999c).

By contrast, McGunnigle and Jameson (2000) claimed to have found less evidence of the adoption of sophisticated HRM approaches in the hotel industry in the UK. Recruitment and selection methods were judged to be traditional, with the interview still the dominant selection tool, in spite of its limited predictive ability (McGunnigle and Jameson 2000). They reported that it was common to see training budgets squeezed rather than developing budgets to meet actual

training needs. Job-related training predominated with little attention paid to developing skills which employees could transfer to management jobs or to other industries. It should be noted, however, that these are criticisms that could be made of HRM practice in many industry contexts.

Perhaps more usefully, Lucas (2002) conducted a comparative study of HRM practices in the hospitality industry and other industries and services segments in Great Britain, and found HRM in the hospitality industry to be different. Lucas proposed that consultative committees, team working, and problem solving groups were rarely found; recruitment criteria were less systematic, and off-the-job training was less frequent in the hospitality industry. The hospitality industry was more finance conscious in terms of fees, budgets, costs, and profits than in other industries and services.

These studies, taken together, do not make it easy to conclude whether HRM in hospitality is poorer than in other service or manufacturing industries. However, it is notable that the studies comparing HRM development across sectors have only been conducted by UK researchers. Guerrier and Deery (1998) and Okumus (2002) make the further point that most hospitality studies of any kind are undertaken in Anglo-Saxon countries; more specifically, mainly from the UK and the USA, providing limited scope about how hospitality organisations are managed in other countries. It is difficult to conclude whether HRM in the hospitality industry is poor or sophisticated from research in a single country context, since different national cultures or social contexts may have different impacts in different sectors. It is recommended that more comparative research

be conducted in non-western countries in order to provide a more comprehensive picture. This study is conducted in Taiwan and is intended to be helpful in enriching the scope of the field.

3.4.2. Specific HRM issues in the hotel industry

Employee turnover has been one of the biggest concerns in the hotel industry for a long time (Hinkin and Tracey 2000). The hotel industry globally constantly suffers from high staff turnover levels, which is a pervasive and serious problem resulting in high direct expenditure as well as intangible costs (Cheng and Brown 1998; Hinkin and Tracey 2000; Woods and Macaulay 1989). Direct expenditures include the administrative costs of separation, attracting and recruiting, selection, and hiring. Intangible costs include lost-productivity, poor service quality, and low morale which in turn result in damage to the hotel's reputation (Cheng and Brown 1998; Hinkin and Tracey 2000; Woods and Macaulay 1989). Hinkin and Tracey (2000) suggested the indirect costs related to turnover account for more than half of the total costs involved in turnover. Simons and Hinkin (2001) contended that employee turnover is more costly for luxury hotels than for lower budget hotels, due to the more sophisticated operating and training systems of the former.

There are many factors that impact on turnover rates. Riegel (2002) argues that turnover is the consequence of a complicated series of dynamics, including job satisfaction, organisational commitment, and intent to leave, that influence employee attitudes and ultimately affect employee behaviour. Mobley (1982) suggested that the reasons for turnover in general include dissatisfaction with

work; availability of attractive alternatives; external factors like housing, transportation, or physical environment; and personal factors like illness or injury. Wasmuth and Davis (1983) argued that turnover is found to be higher when overall job dissatisfaction is higher and concluded that dissatisfaction with work is the primary turnover reason. Hinkin and Tracey (2000) added poor supervision, a poor working environment, and inadequate compensation to that list. They further suggested that some managers do not understand the relationship between employee retention and company profitability, and accept turnover as a necessary evil.

The issue of turnover has attracted many researchers' attention in different countries. Powell and Wood (1999) suggested one of the most significant problems in the hotel industry worldwide is "brain drain" because the skills and qualifications gained in hotel sectors are easily transferable to others. Cheng and Brown (1998) explored the perceptions of HR managers of the strategic management of employee turnover in medium-to-large hotels in Australia and Singapore. They suggested that the more effective mechanisms for minimising turnover are recruitment and selection. They recommended internal labour market recruiting because it is associated with career path development which can reduce staff turnover levels (Cheng and Brown 1998). They also noted induction and socialisation that effectively acculturates newcomers into the organisation; and training and development that demonstrates the willingness of an organisation to invest in people which lead to an increase in employees' commitment and job satisfaction.

At a more fundamental level, Iverson and Deery (1997) investigated ‘turnover culture’ in six five-star hotels in Melbourne, Australia and suggested that the hotel industry has actually created a turnover culture, where there is a normative belief in the legitimacy of relatively high labour turnover. This point has been subsequently endorsed by Hinkin and Tracey (2000). Iverson and Deery suggested a strategic switch to promoting a permanent employment culture and developing an internal labour market to reduce the growth of a turnover culture. They advocate that managers need to improve communication channels and highlight the organisation’s aim for long-term employment during induction programmes. Hotels also need to develop career path programmes in order to increase employee commitment and the retention of trained and qualified employees.

In the Asian context, Zhang and Wu (2004) noted that among human resource challenges facing China’s hotel industry, high staff turnover rates constitute one of the key issues. Many employees regard hospitality work as a pass-through to a job in a higher level industry, instead of a life-time career commitment. They also suggested that low morale and motivation levels are critical contributory factors to high employee turnover. Developing retention strategies is imperative to solve this problem. One of the effective approaches they suggested is selecting a successor as each employee is promoted, as a way of encouraging both the organisation and its staff to think longer-term, in terms of mutual commitment.

In Taiwan itself, Wu and Chen (2002) conducted research on the labour requirements of the hospitality industry and confirmed that high turnover rate is

one the most difficult issues in human resource management in that context. They reported that the turnover problem in large hotels was much worse than in small hotels. Many hotels are planning to increase the number of people employed simply to cover the turnover situation.

Since hotels are a service-oriented industry, service quality is another critical concern. Service quality has been defined as the gap between the customer's expectation of a service and the customer's perception of service received (Boella and Goss-Turner 2005; Cheung and Law 1998). Although service is intangible, its quality is reflected across five broad dimensions: tangibles (appearance of physical elements), reliability (dependability, accurate performance), responsiveness (promptness and helpfulness), assurance (competence, courtesy, credibility and security), and empathy (easy access, good communications and customer understanding) (Boella and Goss-Turner 2005, p. 297).

In a study of HRM in the banking industry, Schneider and Bowen (1993) reinforced the view that the customers' experience is the crucial issue in understanding service quality. However, their research suggested that the key to managing the customer's experience of service quality is to manage employees' experience in their organisation. They used five facets of HRM (work facilitation, supervision, organisational career facilitation, organisational status, and new employee socialisation) to survey all of the employees in each of the 28 branches, and five facets of the service experience (courtesy/competency, utility/security, adequate staff, employee morale, and branch administration) to survey customers when visiting the branch. Schneider and Bowen found that

where employees describe the HRM practices of their employer in more positive terms, they are likely to have customers report they receive superior service quality. The delivery of hotel service to customers primary involves personal contact and so the relationship between good HRM practices and customer service is likely to be strong (Boella and Goss-Turner 2005; Schneider 1994).

Hoque (1999b) argues that service quality focuses on the nature of the interaction between the individual employee and the customer at the point of service, in terms of politeness, and overall professionalism. Hoque also contends that service quality is the main factor in creating competitive advantage in the hotel industry, and that any hotel that does not endeavour to continually improve its service quality will lose ground. Competitive advantage generated from internal sources includes such characteristics as value rareness, inimitability, and non-substitutability (Kim and Oh 2004) , and the employee at the end of the service delivery system may well be the only differentiated and unique asset of a hotel organisation which cannot be easily copied.

Hinkin and Tracey (2000) have suggested that there are in fact only two ways to compete in and differentiate between hospitality services. One is by competing on price and minimising costs, which locks a hotel into a particular market segment. The other is to compete by providing exceptional service. They note that customer care is not a new concept in the service industry, but it is still a complex thing to control and sustain. In the face of the high level of turnover in the hotel industry, it is possible that some customers are served by staff who are relatively untrained, less committed and less capable in their social skills. But

dealing with this requires the use of quite systematic approaches to service quality management (Boella and Goss-Turner 2005). Boella and Goss-Turner (2005) suggested that if an organisation's first and foremost objective is to provide a service, a holistic approach to service quality management must be developed and employed, infiltrating all levels of the organisation from the chief executive to the entry level employees. The employees must be selected, trained properly, and continually motivated to be committed to the service quality strategy as a part of the organisation's business strategy.

In the next part of the literature review, the issues of HRM in the Asia Pacific region generally are considered. Not only is this literature more extensive but it allows the issues of the hotel industry to be compared with those that are distinctive of the region.

3.5. HRM in the Asia-Pacific region

3.5.1. The regional context

The Asia-Pacific region can be characterised as having a vast range of geographic, demographic, socio-cultural, political, and economic systems (Budhwar 2004; Warner 2002, 2000; Zanko 2003). The countries of the region range from those with large territory like China, to 'city-states' like Hong Kong and Singapore, and the economies of the region range from the advanced economies like Japan and Australia, to the less developed countries like Vietnam (Warner 2002). Furthermore, different governance models reflect the political and historical dynamics of different Asian countries: the British model, (Hong Kong, Malaysia and Singapore); the American model, (Japan, the Philippines and

South Korea); and non-Western models like Thailand, China, and Taiwan (Warner 2000).

Modernisation in the Asia-Pacific region began with colonialism. Prior to that, many societies throughout the Asian Pacific region were based on agriculture, many of them dependent on farming with its requirements for substantial irrigation, intensive labour, and community cooperation (Simone 2001). Small business and enterprises were operated by families interested only in supporting themselves and providing security for their family members (DeNisi and Griffin 2005).

The English Industrial Revolution of the eighteenth century led to a significant change for western regions, in terms of economies, politics, and society (Tipton 1998). However, the traditional economies of the Asia-Pacific region have been industrialised and modernised only in the late nineteenth and early twentieth centuries (Simone 2001). Japan, the first Asian nation to experience modern economic growth, was regarded as an 'early-comer' in the use of modern technology (Tipton 1998). It was not until the Second World War that many other nations in the Asia-Pacific region have succeeded in introducing modern techniques across a broad range of industries (ibid).

However, as Bratton and Gold (2003) point out, even in the west, the human resources function did not emerge as a recognised dimension of business management until the industrial giants emerged at the beginning of the twentieth century: companies such as General Motors, Ford Motor Company, and Boeing

(DeNisi and Griffin 2005). These companies needed to hire many workers and as these businesses grew, their hiring tasks became more complicated and time-consuming for supervisors or managers. Most large business started to hire their new employees through newly created specialised units, called employment departments. These employment departments not only hired new employees but also, over time, took on key aspects of the operational management of the workforce. During the 1930s and 1940s, the employment department became the personnel department, a specialised organisational unit for hiring and administering human resources, dealing with the increasing regulation of labour force practices and the training of staff.

‘Personnel management’ was gradually replaced by the concept of ‘human resources management’ during the 1970s (Guest 1989). This function included consideration of techniques for motivating staff, developing organisational culture and strategic policy development (Tanke 2001). In 1991, Torrington and Hall suggested a distinction between personnel management (workforce centred and focused on employees) and human resource management (resource centred and as dictated by business strategy). Consideration of human resources management as strategic and as a core capability for business success has been emerging in the literature across the world over the past fifteen years, in particular (Bratton and Gold 2003; Tanke 2001).

Human resources management has been framed in a number of ways in the context described above. Bratton and Gold (2003) have defined human resources management as ‘a strategic approach to managing employment relations

which emphasises that leveraging people's capabilities is critical to achieving sustainable competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices' (Bratton and Gold 2003, p. 7). DeNisi and Griffin (2005) framed human resource management as 'the comprehensive set of managerial activities and tasks concerned with developing and maintaining a qualified workforce-human resources-in ways that contribute to organisational effectiveness' (DeNisi and Griffin 2005, p. 6). Stone (2005) suggested that human resources management involves the productive use of people in achieving the organisation's strategic objectives and the satisfaction of individual employee needs.

For reasons of history, contemporary human resource management in the Asia-Pacific regions reflects an amalgam of conceptual foundations initiated in the United States, the United Kingdom, and Europe (Nankervis and Chatterjee 2006). It is often commented that there is an absence of systematic analysis which can present a comprehensive picture about the dynamics of HRM in the Asia-Pacific region (Budhwar 2004). However, it is complex and difficult to conduct a deep cross-national HRM analysis in the Asia-Pacific region due to its diversity and scale (Warner 2002, 2000). Instead, a number of country-specific studies have emerged with economic development in the region. Research into human resource management systems in Japan and Australia has been widely conducted. More recently, research has been undertaken in other developed and developing countries including Taiwan, Hong Kong, Singapore, and Korea. Research in other emerging economies such as China, India, Malaysia, Thailand, Indonesia and the Philippines is emerging, albeit at a relatively slow pace

(Budhwar 2004).

Many Asia-Pacific countries have high levels of economic growth and have made significant contributions to the global economy in the last several decades. This region has had an outstanding record of economic performance highlighted by rapid growth, macro-economic prosperity, low inflation, open economies, and high saving rates (Park et al. 2004). Some nation-states, such as Japan, Singapore, and Hong Kong, have average per capita incomes as high as many Western countries (Warner 2000). This region is also the largest consumer market in the world, and has high potential to attract an enormous amount of foreign direct investment and to host the operations of foreign firms (Budhwar 2004).

Even the economic crisis of the late 1990s in the Asia-Pacific region arguably has had the long-term effect of forcing increasing efficiency and competitiveness. The depreciation of currency and the decline of direct foreign investment have also raised questions regarding the validity of certain human resources management practices. For example, the former 'models of practice' associated with Japanese and Korean HRM, including lifetime employment and seniority-based wages, have moved from 'saint' to 'sinner' status in terms of explanations of success (Rowley and Benson 2002, 2003; Warner 2000). The core ideology of the traditional Korean HRM system has changed from 'organisation first', 'collective equality' and 'community orientation' towards 'individual respect', 'individual equity', and 'market principles' (Benson and Rowley 2003). Age and seniority are no longer key criteria for wages and

promotion; instead, performance is much more important (Benson and Rowley 2003; Rowley and Benson 2002).

Downsizing or unemployment are common in Hong Kong and Taiwan (Warner 2000), where traditional HRM practices have been replaced with more western flexible staffing arrangements, such as employing new staff on contract without promises of transferring to permanent status (Benson and Rowley 2003).

These changes represent a significant challenge to cultural traditions. Many Asia-Pacific countries, including China, Japan, Hong Kong, Singapore, and South Korea, have been described as Confucian societies sharing a strong cultural inheritance (Zhu et al. 2000). Taiwan shares this cultural inheritance. The versions of Confucian-inspired traditional paternalism have also been described as generating a particularly Asian form of HRM (Warner 2002). Confucianism highlights the group values, a collective orientation, and non-adversarial relationships between employer and employee in the organisation (Rowley 1997; Warner 2002), which are regarded as helpful for workforce stabilisation and boosting motivation and performance commitment (Warner 2002). Still today, Confucianism emphasises themes of harmony, consensus, resilience, loyalty, discipline, obedience, ordering relationships by status, and respect for authority, all of which have dominated working relationships and organisational practices (Chen 1997; Huang 2001; Zhu et al. 2000).

3.5.2. The convergence - divergence debate

However, while some Asian economies have socio-economic and cultural

similarities, there are many factors such as local customs, institutions, government, political and regulating environments that are extraordinarily divergent (Rowley and Benson 2002). As a result, the likelihood of contemporary and future convergence and divergence of HRM issues and practices in the Asia-Pacific region remains contested and unclear (Zanko 2003). The convergence hypothesis argues that the process of industrialisation and the spread of advanced technology would lead all countries to have a common development of institutional framework and common requirements of management (McGaughey and Cieri 1999; Rowley and Benson 2002). Becker and Gerhart (1996) argued for HRM convergences under the influence of environmental changes such as globalisation, and the effects of international, benchmarking and 'best practices', which are generalisable, universal and transferable.

This view has been criticised by other researchers who support the divergence hypotheses (Bowen et al. 2002; Huo et al. 2002; Milliman et al. 2002; Zanko 2003). They believe that there are many ways of successfully managing human resources and that there is no evidence of a universal 'one best way' (Zanko 2003). Zanko (2003) has suggested the principle of equifinality: that there are many different HRM paths that lead to the successful achievement of economic and social goals. In an empirical study of 'best international human resource management practices' in ten countries or regions (Australia, Canada, China, Indonesia, Japan, Korea, Latin America, Mexico, Taiwan, and U.S.A), many researchers (Bowen et al. 2002; Huo et al. 2002; Milliman et al. 2002) note that there is more divergence than convergence, in terms of recruiting practices, performance appraisal, and even the status of HRM.

Rowley and Benson (2002) have described some of the problems and limitations of the convergence principle. Despite their shared global context, different countries are at different stage of economic and social development, and have distinctive political-economic circumstances, value systems, cultural features, institutional framework, and local customs (Rowley and Benson 2002). This uniqueness provides significant constraints on the degree of convergence and may in fact lead to a divergent distinctive range of ways of responding to and engaging with the global context. It is also important to acknowledge that, in view of their collective size, countries like China and India have the capacity to shape the global context in their own right, and not simply respond to it. Increasingly, they are in the global context.

Some researchers (Becker and Gerhart 1996; Rowley and Benson 2002) have used a three level model to analyse convergence and divergence in the management of human resources: system architecture, policy, and practice. Becker and Gerhart (1996) proposed that generalisable or universal best practice effects would be more likely at the level of system architecture; while divergence phenomena would be expected at the policy and practice level that are contingent on firm specific alignments or particular policy. However, in research into HRM in large enterprises in four Asian countries (Japan, China, Korea, and Thailand), Rowley and Benson (2002) suggested that convergence has occurred at the level of practices instead of policy or system architecture, which is in contrast to what Becker and Gerhart expected. The debate over convergence and divergence continues and Zanko (2003) suggested that a longitudinal study is required to determine whether there is convergence or divergence in HRM among the

Asia-Pacific economies.

The debate about convergence and divergence of HRM issues and trends parallels a similar debate about the 'best-practice' model and 'best-fit' model in strategic employee management more generally. The 'best-practice' model or universalism argues that all organisations will be better off if they can identify and adopt 'best-practice' in the way of employee management, irrespective of context. However, the 'best-fit' model argues that HRM strategy will be more effective when it is integrated and designed appropriately to fit certain critical contingencies in specific organisational and environmental context.

Some researchers (Delery and Doty 1996; Hughes 2002a; Pfeffer 1998) who support universalism have proposed quite specific HRM practices that in their view should be included in a 'best-practice' system. In a case study of one hospitality organisation in Canada, Hughes's (2002a) identified four 'best-practices', including establishing a service-oriented culture; building a strong human capital base through specific strategies, such as treating current employees to ensure that the organisation of a plentiful supply of potential employees; motivating employees through the creation of positive employee experiences and a sense of family; and providing employees with the opportunity to contribute.

Delery and Doty (1996) investigated the banking industry in the United States and suggested seven strategic human resource practices that have a positive effect on financial performance, including internal career opportunities, extensive and formalised training, results-oriented appraisals, profit sharing, employment

security, participation and clear job descriptions. Of these, he suggested that profit-sharing, results-oriented appraisals, and employment security are most likely to generate greater returns.

Pfeffer (1998) suggested seven key practices: employment security, rigorous selection of new personnel from a large applicant pool, self-managed teams and decentralisation, high compensation contingent on individual and organisational performance, extensive training, reduction of status differences, and sharing of financial and performance information throughout the organisation.

The difficulty with these sorts of conclusions, however, is that they are offered at a general level, and the measurement of effective HRM practice and organisational effectiveness is not only variable but questionable in terms of issues of 'proof'. At the least, the meaning of 'best-practice' needs to be defined more clearly because these HRM practices, like 'formal performance appraisals', 'formal selection method' or 'formal reward system' can mean different things in different organisational cultures and HRM systems (Ferris et al. 1999). Delaney and Huselid (1996) have argued that consensus concerning the measurement of HRM practices and systems is highly important if research findings are to be conclusive or helpful. Ferris et al. (1999) have also suggested that more systematic and definitive descriptions of HRM practices are needed in order to provide richer information and insight into the effectiveness of these practices.

Alleyne et al. (2006) have argued that the 'best-practice' concept is problematic because it is based on a US style of management which focuses on individualism

in terms of national and organisational culture. The so-called ‘best practices’ may not work so well in the collectivist culture that still operates in many Asia Pacific countries.

Woods (1999) suggested that in any national cultural context there is no one best way for HRM practice; instead, there is a best way for each organisation, one that fits the particular organisational content and culture. Boxall and Purcell (2000) have also supported the ‘best-fit’ model and argued that there is not sufficient evidence to prove a universalist of best practices because most sectoral studies can not be generalised, either empirically or theoretically

Contingency theory or the ‘best-fit’ model looks for particular fit between the organisation’s HRM policies and practices, and the overall organisation strategy and position (Alleyne et al. 2006). Contingency theorists have argued for two specific fits in the organisation. One is vertical fit, otherwise called external fit, that addresses the linkage between HRM policies and practices and the strategic management process of the organisation (Wright and McMahan 1992). External fit emphasises that the values and aims of HRM strategy and business strategy must be consistent (Hoque 1999a) and that HRM activities must fit the organisation’s stage of development (Boxall and Purcell 2000). Hughes (2002a) has suggested that the closer the external fit between an organisation’s HRM policies and practices and the overall business strategy, the more effective the organisation will be.

The other is horizontal fit, otherwise called internal fit, that addresses the

coordination, congruence, consistency or synergy among the various HRM practices (Ferris et al. 1999; Wright and McMahan 1992). Internal fit highlights that individual HRM policies and practices must be designed to fit with and support each other (Boxall and Purcell 2000). Wood (1999) has argued that individual practices are not able to generate competitive advantage in isolation from each other. The problem for theory and practice, is that it is of course, challenging to isolate and measure the impact of individual practices.

In the context of the hotel industry, any debate about divergence and convergence, best-practice and contingency practice, is even more problematic. For example, Lockyer and Scholarios (2004) note that the development of job and person specifications and the use of reliable and valid methods for job analysis have been highly recommended for the hotel industry. However, in a survey of Scottish hotels, they found that the idea of 'best practices' fails to consider the external constraints place on recruitment and selection in the industry, where the demand is highly unpredictable and subject to seasonal variation. The hotel industry has a negative image with vacancies in this sector being more difficult to fill than any other industry, and the high usage of casual and part-time employees (Alleyne et al. 2006). Since the characteristics of the hotel industry are different to other industries, 'best-practices' application from other industries may be problematic.

3.5.3. Emerging HRM issues and trends in the Asia-Pacific region

In spite of observed and predicted variations in approaches to HRM in the Asia-Pacific region, the global context poses some common challenges. Firstly, economic globalisation and international competitiveness mean that all countries

are concerned about the business and people consequences of environmental jolts and continued change (Zanko 2003). Indeed, the world is a rapidly and constantly changing place and that change is a part of the reality of business which challenges all industries and all nations. Debrah and Budhwar (2004) have suggested that human resource managers need to endeavour to minimise the threats caused by globalisation and international competitiveness but at the same time need to take advantage of the opportunities created by them.

Warner (2002) has suggested that globalisation and industrialisation of the Asian economies have led to a significant change in human resource management practices. As was mentioned earlier, particularly after the economic crisis, some Asian economies replaced traditional Asian HRM practices and systems with contemporary Western approaches. Employee hiring flexibility (including the use of individual contracts, contingent work, dispatching, and part-time employment) has been introduced in some Asian countries in order to reduce labour costs (Rowley and Benson 2002; Warner 2002).

However, these flexible employment arrangements represent a significant contradiction in the traditional Asian HRM context. The concept of lifetime employment, deriving from the Confucian philosophy, where employees remain loyal to an organisation and are employed until retirement, has changed (Park et al. 2004). The increased use of outsourcing, with companies cutting down the number of their full-time employees and relying on temporary or casual workers (Zhu 2004), impacts directly on the psychological employment contract and employee commitment (Debrah and Budhwar 2004; Park et al. 2004). Flexible

employment practices have resulted in a high degree of uncertainty and stress in the workplace (Debrah and Budhwar 2004), leading to a significant challenge for HR managers because employees still expect to be treated fairly and rewarded equitably.

Diversity management is another specific challenge for HRM managers in most Asia-Pacific nations. The issue of diversity management stems from the demographic 'time-bomb' (Debrah and Budhwar 2004) which is being recognised as a key issue for some countries in Asia. It is predicted that the decreasing birth rate, an aging workforce and labour shortages will be critical employment issues in the Asia-Pacific region in this century (Debrah and Budhwar 2004). Some richer countries such as Australia and Japan already have to import labour or rely on immigration to sustain economic growth. The newly-industrialising economies (NIEs) (Low 1998) or the so-called 'little dragons' (Vogel 1991) including Taiwan, Singapore, Hong Kong and South Korea will most likely need migrant workers as well. It is possible to find situations in which migrants workers from low-paid or labour-surplus countries like Indonesia, the Philippines, China, Vietnam, and India work together in a team in a country that is new to all of them. The free flow of labour represents a challenge for HR managers and line managers who must lead multicultural work teams.

In addition to these major issues, there are some others. The emergence of the knowledge-driven economy has also created a significant challenge for managers. Both Singapore and Hong Kong have moved towards knowledge-based economies and in doing so have recognised the importance of knowledge

management (Debrah and Budhwar 2004). Knowledge is the source of innovation which drives economic growth. How to manage employees involved in gathering, leveraging, and using knowledge effectively has become a key determinant of competitive advantage for organisations in the global economy (Debrah and Budhwar 2004).

The transition from collectivism to individualism in HRM practices is another specific challenge. Traditionally, practices related to promotion, pay, and benefits are designed based on group characteristics rather than individual contributions. However, the impacts of globalisation and competitive pressures have pushed Asian countries to move towards individual-based HRM practices (Debrah and Budhwar 2004). This presents a critical and practical challenge for managers in the Asia-Pacific region.

These issues are compounded by the lack of HRM know-how in small to medium-sized enterprises (SMEs) identified by Zanko (2003). SMEs have a consistent problem in finding and keeping talent and providing competitive salaries, benefits, and systematic training (Zanko 2003). However, SMEs are prevalent in the Asia-Pacific region, a situation which exacerbates the challenges in the development of human resources in these nations. All of these issues highlight the importance of effective human resources systems and practices, and continue to attract much practitioner and academic attention.

3.6. Comparing HRM issues in the hotel industry with those in other industries and the region

Having surveyed the HRM literature relating to Taiwan and the region, both generally and for the hotel industry, it is possible to make some comparisons of the key issues, which are summarised in Figure 3.1.

Figure 3.1 Summary of HRM issues identified in the literature

	Asia Pacific Region	Taiwan
General	1.Pervasiveness of change in response to global context 2.Flexibility of labour arrangements 3.Cultural and institutional differences	1.Training & development 2.Recruitment & selection 3.HR planning 4.Employment security
Hotel Industry	1.Employee turnover 2.Service quality	1. Shortage of professional & qualified employees 2. Seasonal variation in workforce demand 3. Employee turnover

In the upper-left quadrant, three HRM issues have been highlighted in the Asia Pacific region: pervasiveness of change in response to the global context (Benson and Rowley 2003; Debrah and Budhwar 2004; Warner 2002; Zanko 2003; Zhu 2004), flexibility of labour arrangements (Debrah and Budhwar 2004; Park et al. 2004; Rowley and Benson 2002; Warner 2002; Zhu 2004), and cultural and institutional differences (Debrah and Budhwar 2004; Zanko 2003).

In the upper-right quadrant, four HRM issues were identified in Taiwan, including

training and development (Huang 2001; Lin 1997; Wu 2004), recruitment and selection (Farh 1995; Lin 1997; Wu 2004), human resource planning (Farh 1995; Lin 1997), and employment security (Farh 1995; Glinow et al. 2002; Huang 2001; Warner 2002; Wu 2004; Zhu 2004).

In the lower-left quadrant, two HRM issues were highlighted in the hotel industry in the Asia Pacific region, namely employee turnover (Cheng and Brown 1998; Deery 2002; Deery and Shaw 1997; Iverson and Deery 1997; Timo and Davidson 2005; Wu and Chen 2002; Zhang and Wu 2004) and service quality (Cheung and Law 1998; Haynes and Fryer 2000; Luk and Layton 2004; Maxwell and Quail 2002; Nankervis and Debrah 1995; Watson et al. 2002).

In the lower-right quadrant, HRM issues in the hotel industry in Taiwan are highlighted by Wu and Chen (2002), including the shortage of professional and qualified employees, seasonal variation in workforce demand, and employee turnover. Putting these three issues into the HRM context in the Asia Pacific region and in Taiwan, both generally and for the hotel industry, it is found that there are some differences and similarities in these key issues.

The shortage of suitable employees is not an issue peculiar to the hotel industry; instead, it is a common problem across many sectors in Taiwan. Despite the fact that HRM in the manufacturing and high-tech industries are much better developed than the service industry, they are encountering similar problems in recruiting and selecting talented and qualified employees. Compounded with the rise of China, the migration of industries and capital has led to the migration of

human resources. It can be predicted that this issue will be exacerbated and continue being a significant challenge in employee management in Taiwan for all industries.

The issue of seasonal variation in workforce demand makes flexible employment arrangements pervasive in the hotel industry. Due to the nature of the industry, it is common to rely on casual and part-time employees in response to unpredictable and seasonally variation in workforce demand. Similarly, this issue is been identified across Asia Pacific region. In order to enhance the efficiency and effectiveness of labour utilisation, more and more organisations in the region adopt flexible employment arrangements, which are normally regarded as western HRM practices. Under the impacts of global competitiveness, this issue has certainly become an unstoppable trend in the region and in Taiwan, not only for the hotel industry but also for others.

High levels of employee turnover is another related issue which seems to be pervasive in the hotel industry, both in Taiwan and globally. Despite the fact that HRM and the hotel industry are much more mature in the western countries, employee turnover in the hotel industry is still a widely identified issue across the globe. The most challenging issue is maintaining high standards of service quality given high levels of turnover, particularly as service quality is an important factor in creating and sustaining competitive advantage in the hotel industry.

3.7. A comment on the development of theory and research on HRM in the hotel industry

In the past decades, the focus of industry across the globe has shifted from the manufacturing sector to the service industry. This transformation has attracted researchers' attention: as Guerrier and Deery (1998) point out nearly ten years ago, researchers have been putting more emphasise on the service industry, compared with the traditional focus on production and manufacturing. However, they also indicated that studies in banking, retail, and airlines were still much more common than those in the hospitality industry.

In a study which remains something of a benchmark in terms of its scope, Guerrier and Deery surveyed 156 books and articles on organisational behaviour and human resource management in the hospitality industry. They found that a diverse range of research and articles, covering the themes of labour market trends, employee attitudes, organisation structure and culture, managerial work, and human resource management practices, have been published in mainstream organisational behaviour and human resource management journals, and in the hospitality journals as well. However, they concluded that what researchers were basically doing was to take ideas and concepts developed in the mainstream literature and apply them to the hospitality context, rather than influencing mainstream research.

More recently, Lucas and Deery (2004) have endorsed this conclusion, arguing that most HRM researchers in hospitality are replicating mainstream HRM research. They suggest that hospitality researchers should re-develop a theory

and practice of HRM which is specific, relevant and useful in the hospitality industry. While it is necessary to establish whether the issues of mainstream HRM theory and practice are relevant in hotels, Lucas and Deery contend that hospitality researchers need to push forward the theoretical boundaries and propose theory which is tailored to hospitality applications specifically. They suggest that HRM hospitality researchers should be sufficiently confident to claim specific issues, areas, theories, and topics as their own, including the role of HRM in managing the 24/7 work environment; the influence of shift work on health, safety, and family life; and the conflict between the cultural values of the owners and managers of large global organisations and those of the host community.

However, Okumus (2002) has a different view and has argued that there is a significant gap between the mainstream strategy literature and the strategic hospitality management literature: that is, that the existing strategic hospitality management literature is far behind the mainstream strategy literature. Okumus has offered some reasons that may explain the difficulties in contributing to the mainstream literature: there are fewer hospitality schools and researchers worldwide than business schools and strategy researchers; most hospitality schools are institutions specialising in teaching instead of research while academics from business schools are expected to be involved in research much more than the academics in hospitality schools; and there have been researchers reflecting different cultural backgrounds in the mainstream while in the strategic hospitality management field, most researchers are from the USA and/or the UK, resulting in a less culturally diverse literature. Okumus suggests that hospitality schools need to seek research collaborations with the well-developed business

schools and form multidisciplinary research teams.

The fact that there are different views about the direction which future research efforts should take - whether to try to 'catch up' with fields of application or strike out in new directions - is itself a sign that hospitality as a domain of practice and research is maturing. Customer service constitutes a fundamental and dominant activity within the global economic system and will continue to be a major point of focus in the first part of the twenty-first century. It reflects the importance and necessity of exploring the place of theory and research in the hospitality industry. Given its economic potential and importance across the world, it is certainly a field that deserves more systematic and culturally diverse research projects.

3.8. Chapter summary

The major aim of this chapter has been to review the literature relating to human resource management issues in the Asia-Pacific region, in Taiwan, and in the hotel industry particularly. In the Asia-Pacific region, the pervasiveness of change, the importance of flexible labour relationships, and diversity management are identified as the major HRM issues generally. Due to the influence of globalisation and international competitiveness, practitioners in the Asia-Pacific region are facing a constantly and rapidly changing economic and social environment. Flexible employment practices and the mixing of western and Asian cultural practices and culturally diverse workforces are relatively new trends that can cause significant challenges and opportunities for many countries in the Asia-Pacific region. How to manage these issues strategically has become a key issue for human resource managers.

In Taiwan, the major HRM issues are training and development, recruitment and selection, human resource planning, and employment security. Besides these, the issue of employment security has become one of wide concern for all industries in Taiwan, due to the rise of China and the impact of globalisation. The unstoppable trend of migration of jobs and capital to China is resulting in the 'hollowing-out' of industries. Human resource managers are facing significant challenges, in terms of recruitment, development, and retention that highlight the importance of adopting a strategic approach to cope with the current problems and potential crises.

Employee turnover and service quality are identified as the major HRM issues in the hotel industry in the Asia Pacific region. High levels of employee turnover and casual and part-time employee usage highlight the difficulties in maintaining service excellence in a customer service culture; however, it is also the key factor to create and sustain competitive advantages for hospitality organisations.

Literature and research about contemporary human resource management in the hotel industry in Taiwan is scarce. The only one found was a quantitative study which identified three major HRM issues, namely shortage of professional and qualified employees, seasonal variation in workforce demand, and employee turnover.

The shortage of research was a clear impetus for this present study, which adopted a qualitative methodology and aimed to explore the way HRM issues are perceived within the hotel industry in Taiwan. It also hoped to identify the main

HRM practices used by these hotels, and to discover whether these hotels had any plan or proactive sense of development for the future. The next chapter will present the detail of the research design and explain how it was intended that these aims could be fulfilled.

CHAPTER 4

Research Methodology

4.1. Introduction

This chapter describes the methodology used to investigate three research questions related to contemporary human resource management in the hotel industry of Taiwan. Three central questions were put to the most senior human resources managers in a sample of chain hotels in Taiwan during 2006:

1. What are the major HRM issues and concerns in the hotel industry of Taiwan?
2. What are the major HRM functions and practices used to engage with them?
3. What are your future plans for HRM?

The positioning of this research project was guided by the state of existing research on the hotel industry in Taiwan and in Asia, as well as the issues identified in the literature on HRM in the hotel industry more generally. The literature already presented highlights the emerging impacts of globalisation on business opportunities, strategies and the workforce which enacts them. In the Taiwanese context, that global context includes the growing might of the Chinese economy and the need to build and retain a skilled workforce.

The researcher therefore made a decision to explore the broader thinking of

participants about major HRM issues, current and emerging, and to encourage discussion of specific functions and practices in the context of those broader issues. As will be described later in this chapter, this focus proved to be a challenge for many potential and actual participants in the study, and caused some to decline to participate.

In business research, common data collection methods include written surveys, document analysis and closed-question structured interviews. These tools are frequently applied with an explicitly or implicitly positivist or post-positivist perspective guiding the investigation, something first noted by Jones (1987) over twenty years ago.

Positivist social science research is broadly modelled on the approach of the natural sciences (Neuman 2003). Positivism suggests that any method for gaining knowledge should be limited to natural, physical, and material approaches and only verifiable claims based directly on experience could be considered genuine knowledge (Patton 2002). Positivist researchers prefer precise quantitative data and often use experiments and statistics. They seek rigorous, exact measures and objective research by carefully analysing numbers from the measures (Neuman 2003). The central questions of positivism are ‘What is really going on in the real world?’ ‘What can we establish with some degree of certainty?’ and ‘What is the truth insofar as we can get at it?’ (Patton 2002)

Previous research published on HRM issues and practices in Taiwan has used quantitative methodology. In a survey of HRM in Taiwan, Wu (2004) used a

quantitative method to investigate the HRM issues in leading companies in Taiwan. A directory of Taiwan's leading companies published by the local *CommonWealth* magazine was utilised for sampling. Questionnaires were mailed to each HR manager in 553 firms from the manufacturing industry and 553 firms from the service industry. The total of usable response was 128 manufacturing firms and 62 service firms, representing a response rate of 17 per cent. Descriptive statistics and F-value ANOVA (analysis of variance) were employed for data analysis.

In a study of recruitment and selection policies and practices in Taiwan, Hsu and Leat (2000) also utilised postal questionnaires as the main vehicle for data collection. The questionnaires were sent to 500 manufacturing companies randomly selected from the *Taiwan Trade Yellow Pages*. The total of usable response was 180, representing a response rate of 36 per cent. They devised seven hypotheses to test whether recruitment methods and selection techniques vary with ownership pattern and company size. Statistical techniques such as one-way ANOVA and Duncan test (a multiple comparison test) were utilised to test the hypotheses. Their result shows that particular recruitment and selection practices are culturally sensitive by evidence of association between recruitment and selection practices and country of ownership.

Wu and Chen (2002) conducted a research project entitled '*The Manpower Requirements of Hospitality in Taiwan*', investigating the demand and supply of hospitality manpower. Their research sample was composed of hotels, chain food and beverage firms, and hospitality education institutions. The total

population of the hotels was 2,379 and stratified proportionate sampling by geographic segmentation was used to select the potential participating hotels. The total population of the chain food and beverage firms was 186 and the total population of the hospitality education institutions was 113. Questionnaires were sent to potential participants and responses were supplied by 138 hotels, 42 chain food and beverage firms, and 81 hospitality education institutions. Data analysis tools such as descriptive statistics, one-way ANOVA, and Duncan test were employed in their research.

As mentioned in Chapter 1, there have been three unpublished Master's theses specifically targeting human resource management in the hotel industry in Taiwan. Gan's (1992) research '*The study of human resource management systems and typology in the hotel industry*', used both questionnaires and interviews as vehicles to examine managers' views about the status of HRM in the hotel industry in Taiwan and their overall philosophy. Li's (2004) study of the '*The effects of organisational culture and HRM strategy on operational performance in benchmarked hotels*' used in-depth interviews to investigate four of the best performing five-star hotels in Taiwan. Wen's (2005) study '*The effects of pension reform on HRM practices pertaining to the hotel industry in Taipei city*', also utilised questionnaires and in-depth interviews to investigate the perceptions of human resource managers in the hotel industry in Taipei.

The reliance on quantitative approaches is not particular to Taiwanese research. In a review of over one hundred papers concerned with human resource management in five leading hospitality journals, Lucas and Deery (2004) have

noted the high proportion of quantitative studies in hospitality industry research across the world. These writers recommended more richly informed qualitative methods, a challenge that the researcher in this study decided to take up. However in Taiwan, undertaking a qualitative research study of this kind is considered unusual, and the researcher was conscious of breaking new ground.

The approach of this research is social construction, with a focus of uncovering the ways in which individuals and groups participate in creating their perceptions of reality. It involves looking at the ways social phenomena are created, institutionalised, and made into tradition or perceived 'reality' by humans (Berger and Luckmann 1971). People invent concepts, models, and schemes to make sense of experience, and continually test and modify these constructions in the light of new experience (Schwandt 2000). The central questions of social constructivism are 'How have the people in this setting constructed reality?' 'What are their reported perceptions, truths, explanations, beliefs, and worldview?' and 'What are the consequences of their constructions for their behaviours and for those with whom they interact?' (Patton 2002)

The data generated by such research is most often people's words and actions, requiring the researcher to capture language and behaviour (Maykut and Morehouse 1994). Major data collection methods include participant observation, in-depth interviewing, and group interviews, such as focus groups (Cavana et al. 2001). The main approach to data creation in this study was structured face-to-face in-depth interviews with representatives of participating hotels. This data set was put in the context of desk research on the profile of the

tourism and hotel sectors in Taiwan, and the existing research on hotel management in Taiwan. A written survey was also used to capture basic information about the usage of a range of HRM practices in participating hotels.

This research employed in-depth interviewing, that ‘enables the researcher to obtain access to groups of people to provide a broad view of situations, people or settings’ which cannot be observed directly by the researcher in a short time (Minichiello et al. 1995 , p. 71). Such interviewing also presumes that the perceptions that people have in their minds, and the beliefs and attitudes they have, will impact on the action they take or are prepared to consider, or even understand. More pragmatically, it is an approach that helps to ensure respondents understand the questions by allowing the opportunity to rephrase them (Sekaran 2003).

The novelty of this approach and the resistance it triggered in some potential respondents are described later in this chapter. The resistance to a ‘big picture’ focus, and the preference for ‘single focus’ questions underlines the importance of the selection of research questions. This researcher could easily have refocused the questions to more sharply defined areas of HRM practice, but resisted the temptation. The discomfort of both potential respondents and some of those who actually participated with terms like ‘strategy’, ‘competitive advantage’, and even the term ‘HRM’, in itself may say something significant about the current knowledge base of practitioners within the industry.

An exploratory and descriptive focus is another of the characteristics of qualitative research (Creswell 2003). This research has tended to be exploratory

and descriptive because the researcher wanted to understand the particular characteristics of HRM in the hotel industry in Taiwan as seen through the eyes of people in the industry, rather than only through the lens of macro analysis of industry statistics and profiles. While their descriptions may be incomplete when put in that macro context, they are important because the perceptions and ideas that are in the minds of people in the industry are what drive their actions and their responses to the challenges surrounding them. If their understanding is limited, it can be argued that their actions are likely to be limited. Their understanding and perceptions are therefore critical in developing a more complete picture of what is actually happening in the industry compared with the recommendations and advice contained in academic, government and industry research and commentary.

Stepping away from a purely positivist or post-positivist position has presented other challenges. As Jones (1987) has pointed out, positivist sociology and psychology have utilised a number of research tools – the experiment, observational studies and surveys (including questionnaires and interviews). When questionnaires and interviews are being constructed, a positivist or post-positivist approach encourages a highly structured approach, so that numerical values can be attached (through scaling of responses and the counting of frequency of responses). When multivariate analyses are applied to the data generated in these ways, it can be easy to forget that they are based on conversations, even though they are structured ones. These analyses can also encourage a search for consensus and the discarding of views which do not converge or are seen as out-riders.

In this study, the focus was on asking a series of questions which were open-ended and which the respondents could answer in any way they wished. The researcher tried not to guide or lead respondents when they found the questions difficult; to discount certain responses either because they did not fit in with the general view of other participants or with the issues and ideas found in the literature.

In reporting the characteristics of the sample and the way in which themes were extracted from the transcripts, this researcher has tried to be clear, so that the reader can form a good picture of those who generated the data. There is an important difference between describing a sample to show how representative it is, and describing a sample to completely capture the characteristics of the sample in its own right. In practice, both sorts of description are offered, but the researcher intends that her data be read as an attempt to capture the full range of thinking of a particular group of participants, at a particular time, in a particular cultural context. Its value lies in comparing the words of those who help to operate hotels with the words of people who commentate on it.

4.2. Sample

At the time of this research being conducted, there were more than 2,600 hotels in Taiwan (Tourism Bureau 2006b, c). It was not possible to investigate all the hotels in Taiwan due to the constraints of time and cost. As Sarantakos (2005) notes, even where complete coverage is possible, it may not offer substantial advantage over a sample survey; on the contrary, sampling is likely to produce comparable and reliable results in a short period of time.

Qualitative inquiry concerns itself with information richness and typically focuses in depth on a relatively small sample selected purposefully. The goal of qualitative research is to gain deeper understanding of some phenomenon as seen or experienced by a selected group of people (Maykut and Morehouse 1994). Patton (2002) confirmed that the logic of purposeful sampling relies on selecting information-rich cases for study in depth.

Patton (2002) has devised a typology of purposeful sampling which contains sixteen categories, shown in Table 4.1. The most prominent and preferred approach is maximum variation sampling, particularly ‘when the researchers seek to obtain the broadest range of information and perspectives on the subject of study’ (Kuzel 1992, p. 37) and to create the possibility for the greatest variations on dimensions of interest (Maykut and Morehouse 1994; Patton 2002).

Table 4.1 Type of purposeful sampling

1. Extreme or deviant case sampling
2. Intensity sampling
3. Maximum variation sampling
4. Homogeneous sampling
5. Typical case sampling
6. Critical case sampling
7. Snowball or chain sampling
8. Criterion sampling
9. Theory-based sampling, operational construct sampling, or theoretical sampling
10. Confirming and disconfirming cases
11. Stratified purposeful sampling
12. Opportunistic or emergent sampling
13. Purposeful random sampling
14. Sampling politically important cases
15. Convenience sampling, accidental sampling, or haphazard sampling
16. Combination or mixed purposeful sampling

(Source: Patton 2002, p. 243-244)

While there are few definitive rules for sample size in qualitative inquiry (Patton 2002), it has been suggested that twelve to twenty examples are needed when trying to allow for the possibility of maximum variation (Kuzel 1992; Maykut and Morehouse 1994). The major selection criterion for this research was that of the chain operation hotels because they account for the largest share of the lodging industry (Angelo and Vladimir 2004) and dominate the four-five star hotel market (Timo and Davidson 2005). Chain hotels are of a size that should allow us to see the emerging application of more sophisticated HRM practices. Zhu et al. (2000) stated the larger the size of company, the more likely it is that formalised and complex HRM practices and policies will be adopted. Thus, this study focuses

on large hotels and expects to see more sophisticated HRM practices and policies. At the time of this research being conducted, there were eight international hotel chains and nine domestic hotel chains, owning 46 hotel properties in Taiwan. These 46 hotel properties were selected as a population and twelve to twenty respondents were targeted for this research study.

There are many different ways to segment the hotel industry for sampling purposes so as to achieve maximum variation. For brand segmentation, both international chain and domestic chain hotels were targeted; for geographic segmentation, hotels located in the north, middle, south and east of Taiwan were targeted; for location segmentation, city hotels and resort hotels were targeted; for room number segmentation, a variation from about 100 to more than 800 was targeted.

There were two stages for data collection in this research. The first stage of data collection was from December 2005 to February 2006. Seventeen hotels were approached and seven hotels confirmed their willingness to participate, which represented a 41.18 per cent response rate. Due to the unsatisfactory initial response rate, the researcher decided to conduct a second stage of data collection later in the year, for the purpose of improving the response rate and the information-richness. The second stage of data collection was conducted from May 2006 to July 2006. Eleven hotels were approached and seven hotels confirmed their willingness to participate, which represented a 63.64 per cent response rate. Combining the numbers from the first stage of data collection, twenty-eight hotels were approached and fourteen hotels participated in this

research. The overall response rate was 50 per cent. As described earlier, the target of this research was international chain hotels and domestic chain hotels, which total 46 in Taiwan. The sample selected in this research totalled 14 hotels which represents 30.43 per cent of the total population of such hotels.

4.3. Data collection method

An invitation letter (Appendix 1), interview questions (Appendix 2), survey of HRM practices (Appendix 3), and agreement form (Appendix 4) were sent to the hotels in the selected population. Several telephone calls were made to each hotel to seek participation and to arrange the interview time if they were willing to participate.

4.3.1. The interview questions

Open-ended structured interview questions were designed for this study. The researcher had a list of predetermined and standardised questions (Appendix 2) which were carefully ordered and worded in an interview schedule (Minichiello et al. 1995; Sekaran 2003). All participants were asked the same questions in the same manner and the same order 'to ensure comparability with other studies and minimize differences or bias between interviews' (Minichiello et al. 1995, p. 63; Patton 2002). Compared to unstructured interviewing which is the go-with-the-flow style, this approach could prevent the interviewing from becoming unfocused. However, follow-up questions were asked for purposes of elaboration or clarification (Maykut and Morehouse 1994), and the format was not intended to be so rigid that exploration and description were limited.

Audio-recording was needed as the researcher planned to use interviews as the primary source of data (Maykut and Morehouse 1994). All participants were asked for permission to audio-record the interview. Every participant agreed to be audio-recorded and signed the agreement of informed consent which is required for human subject research. In the beginning of the interview, the researcher introduced the expectations and overall framework of the interview. The researcher also emphasised that confidentiality was assured and pseudonyms (Hotel 1, 2, 3 and so on) would be used in the thesis to protect interviewee anonymity. This orientation process was beneficial for maintaining a positive interviewing climate and establishing the trust relationship between the interviewer and the interviewees (Maykut and Morehouse 1994; Stewart and Cash 1994).

4.3.2. The survey

Participants at each hotel were also asked to complete a survey of HRM practices (Appendix 3) covering recruitment, selection, orientation, training and development, performance appraisal, overall, demographic information and employment detail. All fourteen participating hotels filled out the survey. Most of them were able to provide completed information but there were exceptions due to concerns about confidentiality or because the data were not available. The findings of the survey are detailed in Appendix 5. This survey data is mostly integrated into the findings from interview presented in Chapter 7, covering the HRM functions and practices thought to be important by participating hotels. The survey results were integrated with the main data gathering from in-depth interviews, to provide an opportunity to compare what

participants thought and what they actually do, if the survey results are an accurate representation of practice.

Flexible timing for filling the survey was given so that interviewees could complete the survey at their own convenience. Some interviewees filled in the survey by themselves, either before the interview (Hotel 5, 7, 11, 14) or returned by mail/email after the interview (Hotel 3, 8, 10, 12, 13); others went through the survey together with the researcher (Hotel 1, 2, 4, 6, 9). In terms of the quality of data, it seems that the latter method is more favourable because interviewees are able to provide detailed and clear data with the researcher's guidance and explanation. Interviewees who filled in the survey by themselves left some questions blank without explaining the specific reasons.

It is possible that some interviewees did not understand certain survey questions or doubted the meanings of particular terms. This was suggested because when the researcher went through the survey with the interviewee, it was found that some interviewees were not clear about the meaning of certain survey questions. For instance, some interviewees did not understand the meaning of recruitment plan. Two hotels responded that they do not have a recruitment plan because employee turnover is highly unpredictable and recruiting is undertaken once positions are vacant (Hotel 8, 12). Most hotels have a training plan; however, two of them were not clear about the meaning of training needs, goals, or objectives (Hotel 4, 11).

When analysing the data later, the researcher found a small number of

discrepancies between the interview data and the survey data. For instance, during the interview, many hotels responded that their turnover rate is high. However, two particular hotels that did not regard high turnover rate as a problem reported they had turnover rate in the category of '21%-25%' and '31% and above'. Either there is no common view of what constitutes high turnover among these participating hotels; or it is possible that high turnover is thought to be negative to organisational image, leading respondents to report levels actually lower than the reality. However, these were slight discrepancies and in the main the survey data supported the interview data.

4.3.3. Industry desk research

Before conducting a research project, researchers should at least undertake some desk research. Desk research is the search for information that has been previously collected for some other purpose. It provides broad information about industry performance and certain industry characteristics and dynamics. It may contain economic and industry statistics, industry white papers, and nationwide survey reports. This information is an industry portal that provides a tool and a method for understanding how an industry operates and its potential development.

The hotel industry in Taiwan is governed by the Tourism Bureau under the Ministry of Transportation and Communications. It was established in 1972 and its major function is to take responsibility of the administration of domestic and international tourism policy making, execution, and development (Tourism Bureau 2005c). Besides the hotel industry, the Tourism Bureau is also in charge

of travel agencies, theme parks, hot spring businesses, golf courses, heritage sites, and national scenic areas.

The information about the background on the tourism and hotel industry of Taiwan has already been presented in Chapter 2 and these data were mainly gathered from the Tourism Bureau. It is the only official organisation in Taiwan engaged in publicising the tourism statistics periodically. In 2002, the first '*Tourism Policy White Paper*' was also published by the Tourism Bureau since it was established thirty years ago. It contains tourism contexts, contemporary issues, and prospects in the long-term.

According to the Tourism Bureau, the lodging industry is categorised into four parts: international tourist hotels, standard tourist hotels, standard hotels, and home stay. Both international tourist hotels and standard tourist hotels are required to report their operational data to the Tourism Bureau monthly. The statistical data they offer includes room revenue, food and beverage revenue, occupancy rate, average room rate, number of rooms, number of employees, number of guests by type, and number of guests by country. International tourist hotels and standard tourist hotels mostly operate on a large scale and dominate the hotel market; and so these data can be regarded as key indicators of the hotel industry in Taiwan.

The statistical data about the workforce and employment in the hospitality industry is provided by the Council of Labor Affairs and Directorate-General of Budget, Accounting and Statistics. These data are provided monthly and

annually covering manpower survey indicators, employed persons by industry and occupation, employees on payrolls, average earnings, average working hours, labour turnover rate, part-time workers survey and so forth. These data provide a profile of the working condition in the hospitality industry and a potential chance for relative comparisons with other sectors.

4.4. Data collection process

As indicated earlier, a two phase data collection process was necessary. The response rate in the first phase was below expectation for several reasons. Firstly, the Chinese Lunar New Year fell at the end of January 2006. The Chinese Lunar New Year is the most significant festival and meaningful holiday in Taiwan, and it is the busiest and peak season for all hotels. Most business owners entertain their employees at a dinner party in the hotel before the New Year holiday. Human Resource Department managers were also busy in assisting Finance Departments with year-end bonus calculation and distribution. It is also normal for 'job-hopping' to occur after people have received the year-end bonus for the Chinese Lunar New Year. Human Resource Departments were likely to be focusing on new employee recruitment and selection after the New Year. These are seasonal factors which most likely affected the response rate.

However, this research was based on in-depth interviewing qualitative inquiry which is unusual in Taiwan and in this industry. Some of the approached hotels refused to be interviewed for the reason that a one to one and a half hour interview was not acceptable in their tight schedule. They further indicated they would like to participate if the research was conducted by questionnaire which could be

done in few minutes. A few hotels rejected simply because they never cooperate with academics to conduct any research, which came as a great surprise to the researcher.

Many potential participants stated that they are not able to participate because the interview questions were 'too theoretical' to answer. Their view was that the hotel industry operates in a practical context and that academic research is too theoretical to be applied in the industry. Some of them stated that terms such as organisational effectiveness, business strategy, and competitive advantage were not understandable to them. In order to raise their interest and confidence, the researcher tried to explain the interview questions in demotic language. For instance, the researcher explained that the HRM issues confronting the hotel industry means the problems or difficulties they have in managing employees. After explanation, some of them agreed to be interviewed but others still refused.

Even among those who agreed more readily to be interviewed, some stated that the interview questions were too broad and difficult to answer. One of the participants suggested that the questions should be narrowed down and focused on single issues, such as job satisfaction, organisational commitment, turnover, customer relationship management, customer satisfaction, service quality and so forth. The use of more strategic or 'big-picture' concepts relating to HRM seemed to be a novel approach in hotel industry research in Taiwan. Rather than default to a 'single issue' approach to the interviewees, the interviewer attempted to investigate human resource management in the hotel industry from a macro view. The participants were free to response any HRM issues, concerns,

functions, and practices that thought to be important from their own views and perspectives.

However, the researcher observed that many participants are not familiar with specific terminology. It was clear that the terms used in academic literature are not used by these interviewees. Some interviewees have no management or administration educational background, so terms like competitive advantage, organisational effectiveness, and business strategy are 'theoretical' to them. Thus, each interview question was explained by demotic language and/or some examples were given in order to make questions clear and understandable to the interviewees. For instance, the researcher explained that competitive advantage means the ways in which an organisation can be distinctive or superior in order to survive or be outstanding in a competitive industry; organisational effectiveness means any possible good results or outcomes, in terms of financial performance, employee satisfaction, service quality, and employee morale.

4.5. Data analysis

A key characteristic of qualitative research is the 'human-as-an-instrument' for the data collection and analysis (Cavana et al. 2001). Qualitative researchers begin data analysis early in a research project while still collecting data, which means the data gathering and analysis overlap (Cavana et al. 2001; Neuman 2003). Sarantakos (2005) contends that analysis during data collection is consistent with the principles of qualitative research. Thus, the researcher began to analyse interview data when each hotel interview was done. The benefit of doing this was that early data analysis guided subsequent data collection.

Data coding is the process of conceptualising data and developing categories by reading the raw data and eliciting the meaning from it. Maykut and Morehouse (1994) suggest that a full transcript from an audio-recorded interview is important when interviews are to be a major source of data for qualitative research because preparing transcripts provides an important opportunity for researchers to relive the interview and become substantially more familiar with the data. Transcribed data are then categorised and the categories used as the basis for detailed coding. Subsequent coding might cause preliminary categories to be modified or new categories to be added. Minichiello et al. (1995) is emphatic that any researcher who wishes to conduct a good qualitative research must categorise and code well and that it is helpful to create a list of words which can be conceptualised into categories and linked into a general framework. A meticulous coding system creates the possibility that the researcher can stumble across new ideas which creates categories that had not previously been thought about (Minichiello et al. 1995).

However, Sandiford and Seymour (2007) have pointed out that specific descriptions of how codes are developed are often neglected or oversimplified when reporting qualitative research. In terms of coding, Strauss (1987) have suggested that line by line transcript analysis can stimulate 'provisional' answers. Masberg and Silverman (1996) suggested that the researchers read and reread the raw data until a set of comprehensive categories and themes 'emerges'. To this researcher, it seemed that much of this analysis happens intrinsically, in an intuitive way. For the novice or less-experienced researcher, there is limited practical guidance. Sandiford and Seymour (2007) agree, pointing this out as a

discouragement to the development of a rigorous qualitative research culture in the field of social sciences. It became important to this researcher to develop a systematic coding process, and to be clear about the steps involved.

To code data into categories, the researcher had to identify the themes in the data first. Neuman (2003) suggests that researchers should possess four abilities to see the themes in the data: recognising patterns in the data, thinking in terms of systems and concepts, having tacit knowledge or in-depth background knowledge, and possessing relevant information.

Strauss (1987) suggested that sometimes the interviewees point to the key themes directly. Otherwise, the researcher should look for cues like the use of words such as 'because,' 'since,' 'as,' or phrases like 'on account of,' 'as a result,' 'because of that,' and 'in consequence' (Strauss 1987). The appearance of these words or phrases is often a sign that the interviewees are addressing the specific issues, incidents, causes, and effects related to the interview questions. Once themes are identified from the transcript, specific examples can be tagged or labelled as belonging in a specific category. Each tag or code stands for one particular theme. As the raw data is categorised into a consistent data set, patterns emerges systematically for further analysis.

This study followed the steps which were suggested by these researchers. However, in the process of doing interviews, the researcher found that the interviewees were providing some data which was not related to the main topic - human resource management. For instance, the interviewees were asked what

human resource management practices helped to create and sustain competitive advantage. Some interviewees provided answers which seemed irrelevant to human resource management, such as luxurious facilities, convenient location, and pleasant environment. While this information appears incongruous and discrepant with the major interest focus of the study, the fact that interviewees offered these responses is potentially of great interest, since it perhaps reveals something of their mind-set and the way they perceive the value of HRM as a source of competitive advantage. For this reason, the researcher took the view that there is no such thing as 'irrelevant' data and that the full range of responses needed to be recorded and considered. Since the nature of qualitative research is the human-as-an-instrument for data collection and analysis (Cavana et al. 2001), any given data can disclose interviewees' thoughts and mindsets.

4.6. Data presentation

The next chapter provides the demographic profile and characteristics of the participating hotels. Then the data is presented in the sequence of the three main research questions. Each research question contained specific sub-questions, which are detailed in Appendix 2. The findings from the data gathered from interviews were integrated with information from the survey questions (Appendix 5), employee handbooks, organisational web pages, and *Annual Report on Tourism 2005* provided by Tourism Bureau, Ministry of Transportation and Communications (Tourism Bureau 2005a).

Chapter 6 presents the respondents' views on the particular HRM issues and concerns facing the hotel industry in Taiwan, as presented through in-depth

interview. Then, interpretation and commentary is offered based on the comparison between the issues raised by the participants and these raised in the literature. The results suggest that the HRM issues in the hotel industry in Taiwan have some similarities with the Asia-Pacific region generally and in the hotel industry specifically.

Chapter 7 presents the data which is generated from both the in-depth interviews and the survey relating to HRM functions and practices. This provided the potential to compare what participants thought and what they actually do, assuming that the survey data reflect practice. Even if this could not be guaranteed, it seemed to identify any possible gap between their perception and their practice. In addition, the particular HRM practices perceived as important by participating hotels are compared with these identified in the literature.

Chapter 8 presents the further needs and plans for HRM in the future. Similarly, interpretation and commentary is offered based on the comparison between what is raised in the literature and by participants. It is possible to identify whether participating hotels are proactive and long-term oriented. However, the result suggests that most participating hotels are conservative and think in terms of the status quo. Some practical suggestions about how to manage employees strategically are offered in Chapter 9.

4.7. Chapter summary

This chapter has detailed the research methodology, including sampling, data collection method, data collection process, and data analysis. The reasons for

selecting the qualitative method and in-depth interview instrument were explained. The researcher's commentary about the attitudes and perceptions of some of those approached for participants toward academic research on human resource management were provided as well. The next chapter provides the background information and the demographic profiles of the participating hotels.

CHAPTER 5

Characteristics of Respondents

5.1. Introduction

This chapter provides a comparison of background information on the hotels in the research sample and the total population, and also a picture of the demographic profiles of the individual participating hotels.

5.2. Research sample and population comparison

Among the 46 chain hotels in Taiwan, 14 establishments participated in this study. The information on the other 32 chain hotels not participating in this research was gained from the hotels' webpages and/or the *Annual Report on Tourism 2005* provided by the Tourism Bureau, Ministry of Transportation and Communications. Where specific data were not available through publicised information, it is indicated as 'unknown'.

5.2.1. Brand

There are nine international brand hotels and 37 domestic brand hotels operating in Taiwan. The sample distribution of this research is close to the total population distribution. Table 5.1 shows the sample selected relative to the number of population by brand.

Table 5.1 Sample relative to population by brand

Brand	Number of sample	Percentage of the sample	Total population of hotels	Percentage of the population
International chain	3	21.43%	9	19.57%
Domestic chain	11	78.57%	37	80.43%
Total	14	100.00%	46	100.00%

5.2.2. Geography

In terms of geographic segmentation, Taiwan can be divided into four parts: north, middle, south and east. More than half of the chain hotels are located in the north of Taiwan where Taipei, the largest city is located and where most of the economic activities take place. Other chain hotels are spread across the rest of Taiwan. This research sample has proportionately more participants in the south of Taiwan, due to the location of the researcher. Table 5.2 shows the sample selected relative to the population by geography.

Table 5.2 Sample relative to population by geography

Geography	Number of sample	Percentage of the sample	Total population of hotels	Percentage of the population
North	6	42.86%	27	58.70%
Middle	1	7.14%	5	10.87%
South	6	42.86%	10	21.74%
East	1	7.14%	4	8.70%
Total	14	100.00%	46	100.00%

5.2.3. Location

In location segmentation, hotels can be categorised into city hotels, resort hotels and transit hotels. Both city hotels and resort hotels were selected for this

research, because there is only one transit hotel in Taiwan. The sample distribution of this research has more city hotels participating than the percentage in the total population (or less resort hotels participating than the percentage in the total population) because resort hotels are mainly located in mountain or beach areas and are relatively difficult to access due to the constraints of time and money. Table 5.3 shows the sample selected relative to the population of hotels' location.

Table 5.3 Sample relative to population by location

Location	Number of sample	Percentage of the sample	Total population of hotels	Percentage of the population
City	11	78.57%	31	67.39%
Resort	3	21.43%	14	30.43%
Transit	0	0%	1	2.17%
Total	14	100.00%	46	100.00%

5.2.4. Age

In the late 1980s, the economic boom stimulated international hotel chains and domestic hotel chains to launch the development of large-scale hotels in Taiwan. After 1990, more and more new hotel chains entered the hotel market which made the market structure highly competitive. Nearly half of the chain hotels were established in the past decade, which naturally led to this sample having more participants located in the category of age 'below 10' (see Table 5.4).

Table 5.4 Characteristics of respondent hotels by age

Age	Number of hotels	Percentage of the sample	Total population of hotels	Percentage of the population
Below 10	5	35.71%	21	45.65%
11-20	3	21.43%	7	15.22%
21-30	3	21.43%	6	13.04%
Above 31	3	21.43%	5	10.87%
Unknown	0	0%	7	15.22%
Total	14	100.00%	46	100.00%

5.2.5. Number of rooms

Hotel size can be measured in different ways and most hotels prefer the number of rooms as the most important measurement (Angkasuvana 2005). The Tourism Bureau also adopts a similar regulation of the hotel classification criteria, requiring international tourist hotels to have eighty rooms and standard tourist hotels to have fifty (Tourism Bureau 2003c). In general, city hotels have more rooms than resort hotels because city hotels invest more resources on the rooms themselves, while resort hotels invest more resources on leisure and recreation facilities. This research sample has more city hotels participating, so there are more hotels located in the category of higher room numbers. Table 5.5 shows the characteristics of respondent hotels by number of rooms.

Table 5.5 Characteristics of respondent hotels by number of rooms

No. of Rooms	Number of hotels	Percentage of the sample	Total population of hotels	Percentage of the population
Below 200	4	28.57%	16	34.78%
201-400	4	28.57%	17	36.96%
401-600	3	21.43%	8	17.39%
Above 601	3	21.43%	4	8.70%
Unknown	0	0%	1	2.17%
Total	14	100.00%	46	100.00%

5.2.6. Occupancy rate

According to the *Annual Report on Tourism* (Tourism Bureau 2005a), the overall average occupancy rate in international and standard tourist hotel was 72 per cent in 2005. This research sample has a slightly higher occupancy rate than the overall average because the sampling targeted hotel chains are four-five star hotels which dominate the overall market (Timo and Davidson 2005). Table 5.6 shows the characteristics of respondent hotel by occupancy rate.

Table 5.6 Characteristics of respondent hotels by occupancy rate

Occupancy rate	Number of hotels	Percentage of the sample	Total population of hotels	Percentage of the population
Below 69.99%	4	28.57%	11	23.91%
70%-74.99%	4	28.57%	6	13.04%
75%-79.99%	2	14.29%	5	10.87%
Above 80%	4	28.57%	14	30.43%
Unknown	0	0%	10	21.74%
Total	14	100.00%	46	100.00%

5.2.7. Average room rate

Based on the *Annual Report on Tourism* (Tourism Bureau 2005a), the overall average room rate in international and standard tourist hotel was 2,987 Taiwan Dollar (AU\$119.5). This research sample has a higher than average room rate for the same reason mentioned above. Table 5.7 shows the characteristics of respondent hotel by average room rate.

Table 5.7 Characteristics of respondent hotels by average room rate

Average room rate	Number of hotels	Percentage of the sample	Total population of hotels	Percentage of the population
Below NT\$2500	3	21.43%	9	19.57%
NT\$2501-NT\$3000	3	21.43%	7	15.22%
NT\$3001- T\$3500	2	14.29%	5	10.87%
NT\$3501- T\$4000	4	28.57%	8	17.39%
Above NT\$4001	2	14.29%	7	15.22%
Unknown	0	0%	10	21.74%
Total	14	100.00%	46	100.00%

(At the time of writing, the exchange rate of NT dollar to AU dollar was approximately 25)

5.3. Demography of respondent hotels

This data was provided by the participating hotels individually through the survey (Appendix 3). However, as mentioned in Chapter4, there were exceptions due to concerns about confidentiality or because the data were not available so they were indicated as ‘unknown’.

5.3.1. Respondent background

Table 5.8 shows the profile of the people who participated in this research. Each hotel had one interviewee, except Hotel 5 (three), Hotel 12 (two) and Hotel 13

(two). In reporting the data, however, all data collected from one hotel have been reported as having a single source (Hotel 1, 2, 3 and so on). Among 18 interviewees, two of them are in top management and others are in human resource management specific. According to the respondents' position title, 'personnel' is still widely used in the hotel industry in Taiwan, although 'personnel management' has been gradually replaced by 'human resources management' in the organisations in the west (Guest 1989). Some hotels do not even use the term personnel or human resources, and regard employment management as a part of a 'General Affairs' function.

Table 5.8 Profile of respondent's position title

Respondent's Position Title	Number
Executive Office Director	1
Director of Administration Division	1
Director of Human Resources Department	1
Human Resources Manager	4
Manager of Personnel & General Affair	1
Manager of General Affair & Personnel	1
Manager of Personnel Department	1
Personnel Manager of Human Resources Department	1
Training Manager of Human Resources Department	1
Assistant Manager of Human Resources Division	1
Assistant Manager of Human Resources	1
Assistant Personnel Manager	1
Assistant Manager of General Affairs Department	1
Acting Human Resources Supervisor	1
Training Officer	1
Total	18

5.3.2. Number of employees in HRM department

More than half of the participating hotels have one to three employees in their HRM department. However, as indicated in Table 5.10, fifty per cent of the participating hotels have employees number located in the category of 201-500, which may imply that these HRM departments have a high working load. Table 5.9 shows the characteristics of respondent hotels by number of employees in the HRM department.

Table 5.9 Profile of No. of employees in the HRM department

No. of employees	Number of hotels	Percentage of the sample
1-3	8	57.14%
4-6	2	14.29%
7-9	3	21.43%
10 and above	1	7.14%
Total	14	100.00%

5.3.3. Number of employees

The calculation of employee numbers is based on full-time employees, including room departments, food & beverage departments, and administration departments. Flexible employment statistics covering part-time employees, casual employees, outsourcing or dispatching workers are not included for two reasons. First, the number of part-time and casual employees varies significantly and the hotels have difficulty in providing an exact number. Second, the number of outsourcing and dispatching workers is not counted officially. The hotels are paying for them but their employers are the dispatching companies rather than the hotels themselves. Table 5.10 shows the characteristics of respondent hotels by number of employees.

The category of '201-500' is the largest one across the 46 chain hotels in Taiwan and this research sample also has the most participants located in this category.

Table 5.10 Characteristics of respondent hotels by number of employees

No. of employees	Number of hotels	Percentage of the sample	Total population of hotels	Percentage of the population
Below 200	2	14.29%	11	23.91%
201-500	7	50.00%	22	47.83%
501-800	2	14.29%	4	8.70%
Above 801	3	21.43%	3	6.52%
Unknown	0	0%	6	13.04%
Total	14	100.00%	46	100.00%

5.3.4. Turnover rate

The hospitality industry has the highest turnover rate among all the service industries in Taiwan. According to the *Macro Economics Database* (National Statistics 2006), the overall service industry had a 2.6 per cent turnover rate while the hospitality industry had a 4.11 per cent turnover rate in 2005. However, seven participating hotels have a turnover rate of more than 10 per cent, which is significantly higher than the hospitality industry overall. Hotel 14 was reluctant to provide their turnover rate due to concerns about confidentiality. Table 5.11 shows the characteristics of respondent hotels by turnover rate.

Table 5.11 Characteristics of respondent hotels by turnover rate

Turnover rate	Number of hotels	Percentage of the sample
0%-10%	6	42.86%
11%-20%	1	7.14%
21%-30%	2	14.29%
Above 31%	4	28.57%
Unknown	1	7.14%
Total	14	100.00%

5.3.5. Employee profile of the participating hotels

Information on the demographic profile of employees in participating hotels was sought, covering gender, age, educational level and educational field. All fourteen participating hotels provided the information on employee gender. Among those, six hotels have more females than males by a margin of ten per cent or more, three have marginally more males than females, two are even and one has more than ten per cent more males than females.

Eleven hotels provided the information on employee age but three could not. Seven hotels have most employees in the age category 20-29. However, Hotels 1 and 5 have a different profile in terms of employee age, with most employees in the age category 50-59. These two hotels have operated for more than thirty years and have many employees still remaining who have been employed from since the time of establishment.

Nine hotels provided the information on employees' educational level but five hotels could not. Among those providing this information, all have most employees located in the category of senior high school or vocational school

completion. In six hotels, however, there are between 18 per cent and 30 per cent who have a bachelor or Master's degree.

Five hotels provided the information on employees' educational field but nine hotels could not. For those able to provide this data, there appears to be a high level of employees with educational backgrounds in fields other than hospitality or tourism.

Table 5.12 shows the employee demographic profile of each of the individual participating hotels, to the extent that these data were available.

Table 5.12 Employee demographic background of the participating hotels

	Hotel 1	Hotel 2	Hotel 3	Hotel 4	Hotel 5	Hotel 6	Hotel 7
Gender:							
Female	57%	68%	53%	51%	47%	63%	55%
Male	43%	32%	47%	49%	53%	37%	45%
Age of employees:							
19 and below	4%			1%	5%	2%	0%
20-29	25%			38%	14%	46%	38%
30-39	20%	Unknown	Unknown	25%	13%	23%	24%
40-49	23%			21%	28%	14%	22%
50-59	28%			15%	38%	14%	15%
60 and above	1%			1%	1%	1%	1%
Educational level of employees:							
Junior high school and below	0%				31%	18%	
Senior high school/vocational school	40%	Unknown	Unknown	Unknown	42%	32%	Unknown
Junior college/Associate	37%				18%	21%	
Bachelor degree	20%				8%	29%	
Master degree	3%				0%	1%	
Educational field of employees:							
Hospitality Management	17%	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Tourism or leisure management	12%						
Others	71%						

Table 5.12 continued

	Hotel 8	Hotel 9	Hotel 10	Hotel 11	Hotel 12	Hotel 13	Hotel 14
Gender:							
Female	60%	48%	55%	49%	42%	50%	50%
Male	40%	52%	45%	51%	58%	50%	50%
Age of employees:							
19 and below	0%	1%	1%	1%	7%	2%	Unknown
20-29	10%	44%	37%	32%	29%	42%	
30-39	40%	30%	24%	31%	34%	27%	
40-49	40%	19%	23%	25%	20%	22%	
50-59	10%	5%	14%	11%	11%	7%	
60 and above	0%	1%	1%	0%	0%	0%	
Educational level of employees:							
Junior high school and below	10%	12%	19%	28%	8%	19%	Unknown
Senior high school/vocational school	80%	38%	31%	38%	56%	37%	
Junior college/Associate	5%	25%	25%	22%	19%	23%	
Bachelor degree	5%	23%	25%	12%	17%	19%	
Master degree	0%	1%	1%	0%	1%	2%	
Educational field of employees:							
Hospitality Management	10%	Unknown	14%	12%	9%	Unknown	Unknown
Tourism or leisure management	0%		8%	8%	2%		
Others	90%		78%	80%	89%		

5.4. Chapter summary

This chapter has detailed the demographic profiles of the participating hotels, and also compared the commercial characteristics of the participating hotels with total population of chain hotels in Taiwan. The next three chapters present the findings from the research sample, together with commentary on the findings.

CHAPTER 6

HRM Issues and Concerns

6.1. Introduction

This chapter addresses the first research question which is ‘What are the major HRM issues and concerns in the hotel industry of Taiwan?’ The respondents were asked: What are the main human resource management issues confronting the hotel industry in Taiwan currently and for the foreseeable future? What are the human resource management issues which are most front-of-mind for each individual hotel? What are the drivers or causes of these human resource management issues? And what are the hotels’ overall philosophies about managing employees in a customer service culture?

The first three questions were asked separately but the findings are presented together for a number of reasons. In some cases, the responses for an individual hotel would have made them identifiable. The premise of this research was the principle of confidentiality and anonymity, and every potential disclosure was avoided. While some hotels responded that a particular issue was their individual problem, it was discovered that some issues were common to all, rather than being an individual issue for a single hotel. And answers to the question ‘what are the drivers or causes of these HRM issues?’ could not be presented separately from responses to other questions because several issues were identified as having cause and effect relationships.

6.2. In-depth interview findings

6.2.1. Main HRM issues confronting the hotel industry in Taiwan

The major human resource management issues confronting the hotel industry in Taiwan currently and for the foreseeable future, as identified by interviewees, are listed in Table 6.1. They are presented in order of the frequency with which they were identified by interviewees.

Table 6.1 HRM issues confronting the hotel industry in Taiwan

No.	HRM issues and concerns	Remark hotel
1	Shortage of employees	Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14
2	Training & development	Hotel 1, 2, 3, 4, 6, 7, 8, 9, 12
3	Internship employment	Hotel 5, 6, 7, 11, 12, 13, 14
4	Employee turnover	Hotel 1, 3, 4, 9, 11, 12, 14
5	Outsourcing/Dispatching	Hotel 1, 2, 5, 7, 10, 13
6	Flexible/Casual employment	Hotel 2, 10, 11
7	Downsizing	Hotel 1, 10, 11
8	The New Labour Retirement Pension System	Hotel 1, 5
9	Employment alternatives in China	Hotel 1, 8
10	Workforce diversity	Hotel 2

(1) Shortage of employees

This issue can be split into two facets: shortage of entry level employees and shortage of mid-high level managers. As the overall average of education level has risen significantly in Taiwan in the last decade, it has resulted in more and more difficulty in recruiting entry level employees (Hotel 2, 3, 4, 5, 6, 7, 8, 10, 13). In the past, it was common to receive many applicants for entry level positions which enabled hotels to select the best employees among the applicants (Hotel 5). Currently, however, students with a bachelor degree are not

enthusiastic to do the entry level jobs because they regard these service and housekeeping jobs as low level. Instead, this young generation tends to pursue high-tech or fashion industry jobs which are seen as leading to appealing careers (Hotel 1, 2, 3).

The educational experience provided to the hospitality industry appears not to have helped because respondents reported a significant gap between what students expect and their actual experience of the industry. It was observed that most hospitality students were not willing to commit themselves to the industry after they graduated (Hotel 1, 3, 4, 5, 6, 7, 12, 13). Students were said to choose hospitality programs for their major because they were attracted by the prospect of working in a luxurious and exciting environment. These students then received two or four years of higher level education in university, but before graduating were required to take internships in the hospitality industry. Most students were shocked suddenly when they found the reality was totally different to their expectation. They were not willing to enter the industry after graduation because they found the workplace to be undesirable. High work loads, shift work and unattractive payment levels made these young people want to escape from the hospitality industry (Hotel 1, 4, 5, 7, 10, 11, 13).

At the time of conducting interviews, it was Taiwan's graduation season when it is supposed that many young people are looking for a job. However, Hotel 13 was surprised that they did not receive any application for entry level positions. Hotels represent a labour-intensive customer service industry where people are largely the essence of the hotel operation. In the long term, it is feared that the

demand for entry level employees will exceed the supply (Hotel 7) to the extent that this will cause a crisis in hotel operation and management (Hotel 3, 13).

The fact that the hotel industry has grown significantly in the past decade has exacerbated the problem of employee shortages. Among forty-six chain hotels, nearly fifty per cent of them were established within the last ten years. The speed of hotel establishments opened has also exceeded the speed of employee development. Once a new hotel establishment opened, many people have been 'job-hopping' to pursue a higher level position.

Although many middle level managers are available in the hotel industry, their qualifications, competences and capabilities have not kept up with the requirements of the position title they have (Hotel 9, 10, 11). Assistant Managers are promoted to be Managers, or Managers are promoted to be Directors simply because the vacancy needs to be filled in, rather than because the person has the skills or qualifications needed. These managers have not accumulated sufficient training and experiences during their 'job-hopping', so that their management proficiency is limited, ultimately resulting in a shortage of managerial skills in the hotel industry.

Not surprisingly, the shortage of employees will become much severe as new hotels enter the market' (Hotel 3, 7). Many hotel groups are going to enter the hotel market in Taiwan in two years, and most of them will be located in Taipei city, including Four Seasons, Mandarin Oriental, Hilton International, and Marriott (Yao 2006). It will be more and more difficult and challenging in

recruiting (Hotel 7) and the situation of ‘grabbing employees’ will result (Hotel 3). One commented that the loyalty of current employees will be affected (Hotel 6) as many alternative opportunities are available.

(2) Training and development

Another issue identified by the interviewees was the problem of student attributes. Students acquire knowledge during their education, but hoteliers need the right set of characteristics, including personality, attitude, and thinking, that would fit the industry (Hotel 1, 2, 3, 4, 6, 7, 8, 9).

The interviewees believed that knowledge and skill could be learned by orientation and on-the-job training, but that positive values and work ethics needed to be obtained in school education. Interviewees thought that it is difficult to develop these attributes in young people after entering the industry (Hotel 3, 9). Young people now were thought not to be able to bear any pressure and frustration, and are increasing difficult to manage (Hotel 4, 12). Some thought that this makes it difficult for older managers to work with the young people, because older managers are more used to bearing hardship (Hotel 4, 13). And in some cases young people tend to reach for what is beyond their grasp and apply for management level positions when they have just graduated from school (Hotel 12, 13, 14). They are not interested in taking entry level position which they regard as low level. They do not understand or accept the necessity of taking entry level position considered fundamental in career path development in the hotel industry.

Due to the shortage of appropriate people and high turnover rates, hoteliers are often forced to recruit employees simply to fill in a vacancy without considering the background of the applicants (Hotel 3). And while some employees may have a hospitality educational background, ‘what is learned in education is too theoretical to be applied in a practical industry setting’ (Hotel 2, 12). Even when employees are from within the industry, they may not be well trained during the ‘job-hopping’ and their level of competence may be limited (Hotel 2, 9). Each hotel also has different Standard Operating Procedures (SOP) which makes re-training necessary (Hotel 3, 12). These problems highlight the importance of providing sophisticated and efficient training and development programs (Hotel 6, 12).

The employees’ average age in Hotel 2 is below thirty and this respondent was keen to see more sophisticated education and training programs which could accelerate capability and service orientation. Hotel 6 has plans for extension, including new rooms and a banqueting hall development. The hotel size will be upgraded from medium to large scale soon, and the operation and management will be more complicated. ‘How to train and develop employees in effective and efficient ways becomes highly critical’ (Hotel 6).

The importance of broadening employees’ skills was identified as well (Hotel 8). In the past, employees have tended to work in the same department without cross-training opportunities. This respondent said that in the short term, it makes people more flexible and efficient and in the long term, it is helpful in developing a professional manager who can cope with the multiple functions in hotel

operation.

(3) Internship employment

Due to the government policy of promoting tourism and the hospitality industry in Taiwan, many related programs were established in universities and colleges in the late 1990s. According to the Educational Statistics Database (Ministry of Education 2006), in 1990, only 1000 students per year graduated from universities or colleges in tourism or hospitality; in 2005, more than 8000 students per year graduated from universities or colleges within this field in Taiwan. Before graduating, students are required to take internships in the industry. The internship period varies from several months to one year, depending on the program.

There are two different levels of hospitality education: one is senior vocational school at secondary education level, and the other is university and college education. Different hotels had different perspectives and issues concerning these internship students. Hotel 6 preferred senior vocational school internship students because those students were enthusiastic to take entry level jobs and serve in the first-line. By contrast, Hotel 5 preferred university and college internship students because those students were thought to have higher levels of competence and ability to learn.

Some thought that internships are beneficial for both students themselves and for the industry, because students have opportunities to work and gain practical experience while studying (Hotel 3, 5). Hospitality organisations can fulfil their

social responsibility by providing the internship opportunities for students (Hotel 2) and solve problems in attracting entry level employees in the short term (Hotel 3, 4, 5, 6, 11, 13, 14). However, it was also noted that some hotels regard internship students as a sort of cheap labour and employ many internship students to reduce their personnel costs and enhance financial performance (Hotel 11, 12).

But hospitality organisations also suffer from the disadvantages of employing internship students. They need to provide training to internship students during a fixed period. These internship students ‘come and go’ every three months or six months so it is hard for hotels to contribute to employee development in the long-term (Hotel 5, 6, 11, 13). The training they provide to these internship students only meets the short-term demand and is wasted when these internship students are not willing to come back to the industry after they graduate.

Some respondents said they had no specific preference in relation to employees’ educational background when recruiting and selecting. They indicated that they saw no significant difference in suitability between hospitality and non-hospitality students’ (Hotel 2, 3, 12), since education background was not the most important criteria for first-line serving employees (Hotel 6). All employees would tend to be at the same level after three to six months’ learning and training on the job (Hotel 1, 10). Two respondents also observed that the hospitality industry is an intensive ‘hands on’ customer service culture and ‘what was learned in education was too theoretical to be applied in a practical industry setting (Hotel 2, 12). Even for employees from a hospitality education background, with internship experience, hotels still need to provide the whole training package because the

Standard Operating Procedure (SOP) varied in different hotels (Hotel 3, 12).

(4) Employee turnover

The interviewees were asked their opinion of the turnover rate in the hotel industry. On the one hand, a high level of turnover was seen as an unavoidable problem due to the industry's characteristics of high work loads and unattractive payment (Hotel 4, 11), which seem to be 'an original sin of the hotel industry' (Hotel 1). At the same time, high levels of turnover were seen to be not only a normal trend in the hospitality industry but increasingly common for all industries because 'young people nowadays have no loyalty' (Hotel 2,7).

It is thought difficult to develop career paths in the face of high levels of turnover (Hotel 1, 13). However, high levels of turnover are not necessarily bad for hotels because enthusiasm is an important characteristic and criteria for hotel employees (Hotel 1, 3, 4, 6, 10, 13, 14). To some extent, high levels of turnover might even be seen as positive because it removes de-motivated employees. 'If employees have no interest in the job and desired to quit, just let them go because hotels do need enthusiastic people' (Hotel 1, 6). Hotel 5 had the lowest turnover rate which was only 1.39% in 2005. However, this was thought to have limited career path opportunities, and that long-term employees were not energetic. The low turnover rate also meant that the overall average of employees' age was higher (28% of employees were between 40 and 49; 38% of employees were between 50 and 59). The older age of employees resulted in 'a lack of innovation, creation, and infusion of fresh ideas into the organisation' (Hotel 5). The hotel industry is a customer service culture and it must be innovative in order

to meet the demands of the society (Hotel 1)

(5) Outsourcing/dispatching

Most of the hotels outsourced non-core employee functions, including security and public area cleaning. Some hotels outsourced part of housekeeping (Hotel 1, 3, 4, 7) and food & beverage operation (Hotel 7) as well, which in the past have been seen as core functions in the hotel. At the time of this research being conducted, Hotel 10 and 13 are negotiating with 'dispatching companies': the agencies which employ workers and send them out to work at the client's premises and direction (Kalleberg 2000). They are expecting that the problem of seasonal employee shortages can be solved by dispatching companies. Hotel 10 also expects that dispatching companies can provide stable and skilled casual employees during the peak seasons.

However, outsourcing hotel functions is still developing and has not matured yet in Taiwan. Hotel employers need to carefully consider the advantages and disadvantages in outsourcing hotel functions. In terms of advantages, personnel costs can be decreased because the hotel employers do not need to fund labour insurance, retirement, and health insurance fees for those workers. In terms of disadvantages, 'service quality and customer security might be affected' (Hotel 1, 2, 4, 5, 7, 13) and it generates another workforce cost to supervise and monitor quality. There is much room for improvement in outsourcing or dispatching but it is seen as an inevitable trend in the hotel industry (Hotel 1, 4, 5, 7).

(6) Flexible/casual employment

Casual or part-time workers are employed based on occasions (such as banquets, conventions) or in peak seasons. The number of casual workers varies from 10 to 200 in each hotel, and the hourly pay varies from NT\$100 (AU\$4) to NT\$120 (AU\$4.8). These casual workers are employed on a 'come and go' basis and have no contract or formal agreement with the hotel. Hotels enjoy the flexibility of casual workers; however, the service quality can be compromised since these casual workers do not have the chance to be well trained. Hotels themselves seemed to be ambivalent about these workers.

'Casual workers are the last choice for hotels' (Hotel 1) because they are seen as fire-fighters. Hotels employ many casual workers on peak seasons but service quality cannot be guaranteed. 'What casual workers provide is service quantity not service quality' (Hotel 11). On the other hand, it is important to develop and manage casual workers (Hotel 2, 9, 10), particularly some senior older casual employees who need money and have high loyalty to the hotel (Hotel 2). It is beneficial to maintain good interactions and communications with casual employees because they will bring more workers in if the hotel needs them (Hotel 9, 10).

(7) Downsizing

Downsizing is another issue raised by Hotel 1, 10, and 11. The major reason for downsizing is reducing personnel costs to enhance financial performance. However, in a 'hands on' customer service industry, service quality is sacrificed significantly if appropriate staff cannot be found. Hotel 10 and 11 set a rigorous

staffing policy and maintain a minimum full-time workforce to ensure that personnel costs are minimised. However, many of their employees are ‘burnt-out’ and tend to quit after peak seasons. These employees think the number of people employed can be increased to lower the levels of their workloads (Hotel 11).

The basic characteristics of the hotel industry cannot be changed easily, including high work loads, shift work and unattractive payment; the only thing that can be managed is the number of people employed (Hotel 10). While it makes economic sense to put people off, the challenge for the industry seems to be that it will have a negative impact on employees’ morale, loyalty, and trust relationship, and ultimately erode organisational effectiveness.

(8) The New Labor Retirement Pension System

The New Labor Retirement Pension System, under the *Labor Pension Act*, was launched on 1st July 2005 (Department of Labor Standards Division Four 2005) and opened a new page in the protection of retirement welfare for workers in Taiwan. A key dynamic of the old system was that long-term employment in one organisation was needed to procure a retirement pension (15-25 years, depending on actual retirement age). However, it was difficult for many people to meet this requirement, with the result that ninety per cent of workers in Taiwan retired without retirement pensions (Department of Labor Standards Division Four 2005).

The New Labor Retirement Pension System adopts the assured contribution system in order to solve the problems of the old system. Workers are guaranteed

to receive their pensions without being affected by change of jobs or retrenchment. However, the side effect of the new system is that employees' loyalty might be affected since long-term employment in one organisation is not a criterion for receiving the retirement pension.

At the time of this research being conducted, the New Labor Retirement Pension System had been launched for less than one year and some interviewees indicated that they have experienced negative effects already. 'The loyalty of employees has been affected' (Hotel 5) and 'employees were headhunted once new hotels or restaurants were opened' (Hotel 1). Other interviewees predicted that the consequences would be severe (Hotel 4, 5), particularly 'as more and more new entrants enter the market' (Hotel 6).

(9) Employment alternatives in China

China's economic activities have boosted up significantly in the past two decades, which has been an incentive for many businesses to enter China's market for investment. The hospitality industry is no exception. Taiwan has good human resources and is able to provide professional expatriates to China (Hotel 1, 8). Some employees decide to go to China because they believe China has unlimited development and investment opportunities. This poses some threats for human resource management if this 'brain drain' and outflow of human capital continues or escalates (Hotel 1).

(10) Workforce diversity

In the process of internationalisation and globalisation, foreign labour and foreign

marriages have become more common. According to the statistical data at the end of 2005, there were 327,000 foreign workers (Council of Labor Affairs 2006) and 365,000 foreign spouses (Department of Statistics 2006) in Taiwan. These foreign workers and foreign spouses were from the Asia-Pacific region, particularly some low-paid or labour-surplus countries like Thailand, the Philippines, Vietnam, Indonesia, and China. Those people believe that their lives would be improved if they have the chance to work or locate in Taiwan.

In order to protect the domestic labour market, the government has regulated that foreign workers are not allowed to be employed in the hospitality industry. However, foreign spouses are allowed to work in this field. Although foreign spouse employees are still a minority, it could be predicted the number will increase in the foreseeable future. It is even possible that foreign labour will be allowed in the hotel industry (Hotel 2). Interviewee 2 further suggested that hoteliers might need to understand the characteristics of different nationalities and cultures, and provide flexible and varied employee benefit packages in response to the needs of a diverse workforce.

6.2.2. Overall philosophy about managing employees

When asked about their overall philosophy about managing employees in a customer service culture, it was found that interviewees had difficulty in answering this question. 'Overall philosophy' is not a common and understandable term in the Mandarin context and many interviewees interpreted it in many different ways, including outlook, perspective, belief, opinion, thought, mindset, value, and viewpoint. Respondents regarded this question as general

and provided varied data from different angles. Few respondents had even thought if they have any philosophy. The range of responses is listed in Table 6.2.

Table 6.2 Overall philosophy about managing employees

No.	Overall philosophy about managing employees	Remark hotel
1	Positive cycle among employers, employees, and customers	Hotel 1, 2, 3, 5, 6, 11, 13
2	Improving the status of human resource management	Hotel 4, 8, 9, 10, 11, 12
3	Effective communication	Hotel 5, 6, 7, 12
4	Supportive environments	Hotel 2, 8

(1) Positive cycle among employers, employees, and customers

Hotel 1, 3, 5, 6, 11, and 13 believed that the relationship among employers, employees, and customers is a key dynamic. If an organisation manages and looks after employees sincerely then employees will serve customers wholeheartedly, and customers will have a positive experience and feed that back to the organisation. Employees are internal customers of the organisations and the human resource department needs to provide warm service to employees (Hotel 3, 13). Interviewee 13 responded that one of the major goals of human resource department is to make employees happy. Only happy employees will generate more happy customers (Hotel 11). This relationship is the fundamental principle needed in an effective and sustainable customer service culture (Hotel 6).

Interviewee 9 educated their employees that ‘customers are always right’. Interviewee 10 educated their employees that ‘customers are not always right but

customers cannot be displeased'. Respondents highlighted that 'customer first' is a common recognised philosophy in a customer service industry. 'If employees cannot accept this principle, they should not have entered this industry' (Hotel 9).

Interviewee 2 asserted that flexibility is important in a customer service culture. Each customer is a challenge (Hotel 14) and employees need to be flexible to provide a variety of services in response to customers' enquiries and to meet customers' expectations. 'Employees must be flexible enough to take advice or try new approaches to doing things' (Hotel 2), particularly in this changeable and competitive environment. 'Due to the particular characteristics of hotel industry, it is important that the employees' personality can fit in the industry' (Hotel 6). Long working hours, hard working loading, shifts, and relatively low payment make the hotel industry an unattractive working environment. 'Employees must be happy and enjoy working in the hotel industry' (Hotel 6) otherwise, they will exit shortly. For employees who can understand and accept the characteristics of the hotel industry, they are likely to remain employed, perform well and have a successful career path.

(2) Improving the status of human resource management

Hotel 4, 8, 9, and 10 recognised the importance of HRM in the organisation. The role of human resource management in the hotel industry is different to manufacturing because people are the essence of operation (Hotel 4). All the hotel's luxurious hardware and facilities will be in vain if a high level of service cannot be provided by employees (Hotel 9). Clear-sighted entrepreneurs must

recognise that human resources are an important investment in the long-term (Hotel 8).

Human resource management is getting more and more complicated (Hotel 10). Nowadays employees are knowledgeable and informative and they know what sort of rights or benefits they should have. Human resource departments need to provide diverse services in response to employees' demand, including counselling, employees' interpersonal relationships, and employees' complaints, rather than just traditional administrative work.

However, there is a significant gap between the perception and the reality. Interviewee 10 and 12 responded that human resource management is still conservative and traditional in its approach in the hotel industry. Although personnel management has been 're-badged' as human resource management, most functions are still administrative work. This is because most hotels are not operated by professional managers. Some entrepreneurs established hotels simply because they have lands and sufficient capital. They hire their family members, close relatives or friends to take charge of the human resource department, financial department, and purchasing department. It was observed that one aspect of nepotism is that these people have high loyalty and can be trusted by the owners, even though they have no professional background.

Intelligent entrepreneurs must value the human resource department, particularly in a service industry where people are the essence of effective operation (Hotel 8). However, many entrepreneurs regard the human resource department as simply a

support function. Some hotels do not even have a Human Resource Department and place employees' management under a General Affairs Department. They pay more attention to room management and the food & beverage department which can generate money directly. If the entrepreneurs do not value the importance of human resource management and always place financial orientation as a first priority, it makes it difficult to have innovative or strategic HRM in the hotel industry (Hotel 10, 11, 12).

The human resource department should be involved in decision-making and supported by top management team (Hotel 8). However, this was not often experienced by the respondents in this study. The purpose of human resource managers participating in the meetings of top management team is to follow and fulfil the policy which has already been made (Hotel 9). Human resource managers have no chance to voice their own views because entrepreneurs assume their human resource managers are employed on a trust or relationship basis, not because of their professional experience (Hotel 10). Some entrepreneurs tend to be reactive, rather than proactive, and have no understanding or acceptance of the new concept of human resource management raised (Hotel 12).

(3) Effective communication

Hotels 5, 6, 7, and 12 said that communication was important in developing and sustaining a customer service culture because people are the essence of hotel operation. Interviewee 5 illustrated the importance of communication in the context of previous year-end bonus disputes. The human resource department had worked hard to design a sound and fair bonus package. However,

employees and the trade union still believed that the year-end bonus distribution was not fair to all employees. Interviewee 5 indicated that communication was a critical point, and ambiguity and misunderstanding could have been reduced if appropriate communication had been in place.

However, Interviewee 12 noted that it is not always easy to communicate with employees because employees' educational level varies from elementary school to graduate school. They may have different levels of understanding on the same issue, highlighting both the challenge and the importance of communication. 'Communication is a challenging task' (Hotel 6). Playing the role of executive office director and human resource manager simultaneously, Interviewee 6 confirmed the role of line managers in effective communication. 'It causes negative impacts on organisational culture if department managers do not deliver the correct message and information to subordinates' (Hotel 6). Interviewee 5 responded that employee communication is not solely the responsibility of the human resource department. Instead, department managers need to create good communication with their subordinates as well.

Listening to employees is a way of conducting communication. 'Open talk' is held every quarter in Hotel 7 which allows employees to raise any comments or opinions directly with the General Manager. Employees have the opportunity to participate in 'open talk' voluntarily without their department managers' attendance. Thus, employees are protected and respected, making it easier for employees to voice any particular issues on their mind.

(4) Supportive environments

‘The role of human resource managers is to support subordinates, rather than just giving orders’ (Hotel 2). One of the human resources management functions is to assist employees in problem solving (Hotel 2, 8). Since employees are internal customers of the organisation, the HRM department must be proactive and sensitive to what employees may need and provide suitable service to them (Hotel 8).

Interviewee 2 said that HRM involves playing a coaching role, and coaching and training must be linked together to maximise the function of human resource management. Training can teach employees the skills necessary to perform the tasks, while coaching can enhance an employee’s motivation for individual development and improved job performance. Integrating training and coaching will ultimately increase the effectiveness of overall career development in the organisation.

6.3. Interpretation and commentary

6.3.1. Respondents’ perceptions of the main HRM issues confronting the hotel industry

After conducting the literature review and the in-depth interviews, it was possible to make a comparison between the issues identified by writers and researchers, and those identified by people actually working in the industry. For the purposes of interpretation, these issues could be usefully grouped into a smaller number of themes. The first theme is employee resourcing which incorporates human resource planning, recruitment and selection. It is identified as a key theme

because the source of staff is a fundamental issue in a customer service industry. The second theme is employee training and development which has linked service quality to human resource and training and development at a strategic level. The third theme is employee management which focuses on day-to-day and week-to-week management of people in an effective and sophisticated way, including sustaining commitment, achieving flexibility of resourcing, effective communication and maintaining good relationships. The fourth theme covers environmental factors such as laws or regulations. It is acknowledged that the themes of employee resourcing and employee management possibly overlap because these issues have 'cause and effect' relationships. However, these four areas of resourcing, development, management, and environmental factors are quite closely tied to the four major areas of HRM activity and focus identified in the literature and together they provided a strong practical framework to examine the range of issues raised by interviewees. Table 6.3 presents the resulting categorisation of HRM issues and concerns raised from the literature and by the participants in this research. In the following, interpretation and commentary is given to explore any differences across the four categorisations.

Table 6.3 Categorisation of HRM issues and concerns

Theme	Literature	Finding
Employee resourcing	-Recruitment & selection (T) -HR planning (T) -Seasonal variation in workforce demand (TH)	-Shortage of employees (Issue 1) -Internship employment (Issue 3) -Downsizing (Issue 7)
Employee development	-Service quality (APH) -Training & development (T) -Shortage of employee skills (TH)	-Training & development (Issue 2)
Employee management	-Diversity management (AP) -Flexibility (AP) -Employee turnover (APH, TH) -Employment security (T)	-Employee turnover (Issue 4) -Outsourcing/dispatching (Issue 5) -Flexible/casual employment (Issue 6)
Environmental factors	-Pervasiveness of change (AP)	-The new labour retirement pension system (Issue 8) -Employment alternatives in China (Issue 9) -Workforce diversity (Issue 10)

AP: Asia Pacific general; T: Taiwan general;

APH: Asia Pacific hotel specific; TH: Taiwan hotel specific

(1) Employee resourcing

The shortage of employees identified by the participants in this study exactly confirmed the issue of recruitment and selection raised from the previous literature. That is, attracting and retaining people is still a significant challenge for most employers in Taiwan. The prediction of employee shortage was certainly highlighted by Farh (1995) as a critical concern for HRM in Taiwan. It seems that the circumstances have not improved and have become even more severe in the past decade. Changes in the macro environment have exacerbated the imbalance between labour demand and supply. Most people tend to pursue higher levels of education and are reluctant to enter the industry at entry level

positions. The lower birth rate and aging workforce also have contributed to the employees shortage (Debrah and Budhwar 2004) and make employee resourcing a serious problem.

In order to provide a sufficient and suitable workforce for the tourism and hospitality industry in Taiwan, the government had promoted tourism and hospitality education and allowed many related programs to be established in 1990s. The major characteristic of this educational system is focusing on training by establishing 'sandwich' courses that incorporate periods of industrial placement and formalised coursework (Collins 2002). Internship students are able to integrate theoretical knowledge with practical experiences through experimental learning, while the industry has opportunities to employ interns to meet both seasonal and long-term needs. The internship period varies from several months to one year, and should provide a stable employment source for hotels in recruiting at entry level. The findings of this study suggest that this arrangement works well for education providers and industry, and creates a win-win situation.

Employing interns also provides a solution to human resource planning to some extent. Human resource planning is challenging, particularly in such a competitive and fluctuating context, which makes the prediction of demand and supply difficult. Although the length of internships is usually less than one year, their accessions and separations occur in a regular cycle. Human resource managers are thus able to plan workforce deployment in advance. By contrast, the retention of other full-time employees is much less predictable. Thus,

internship employment can be regarded as a strategic human resource planning approach for the hotels.

However, if the hotel industry cannot utilise internships strategically, the benefits of this win-win situation will not exist in the long-term. Some interviewees regard internships as cheap labour (Hotel 11, 12) and one of the interviewees is even proud of their financial performance by employing internships (Hotel 11). Some hotels regard internships as a supportive workforce for seasonal variations, rather than a long-term investment, because they think these interns will leave at the end of the internship period (Hotel 5, 6, 11, 13). It seems that these hoteliers do not understand that these internships could be a potential asset in the organisation. It will be argued in Chapter 9 that hoteliers should provide a career vision for these internships that the hotel industry is worthy of commitment. They should also have differentiated career planning development to identify these interns as superior to others who have no internship experience. This approach not only provides an incentive and motivation for these interns remaining employed after they graduate, but also contributes to human capital cumulation for the organisations.

Given that the hotel industry in Taiwan already has suffered from significant shortages of suitable employees, it can be predicted that serious competition for employees is probable and the problem will become even more severe when new entries enter the market. Human resource managers should be long-term oriented and proactive, and utilise internships strategically and effectively. They need to consider how they can make internships more attractive and more

effective as a way of attracting and keeping suitable staff.

Downsizing or workforce reduction is a commonly adopted strategy, particularly for hotels which place financial performance at a first priority. These hotels set a rigorous staffing policy to ensure the personnel cost is minimised. However, it seems that these hotels do not understand how financial performance, employee staffing, and service quality are connected. Boella and Goss-Turner (2005) argued that if the organisational objective is cost control, staffing will be kept at a minimum level with the risks of understaffing; if service is paramount in the organisation, staffing will be kept at a safer level relatively.

Hotels represent a labour-intensive customer service industry where people are largely the essence of the hotel operation. It is difficult to maintain a high level of service quality without a sufficient and suitable workforce. It is difficult to have a minimum staffing level and provide exceptional and customised service simultaneously. As Boella and Goss-Turner (2005) have suggested, it is risky to keep staffing levels close to the most economic level because the cost of understaffing can be significant. In pursuing financial performance, hoteliers need to consider whether employee satisfaction is decreased from work overloading; whether service quality is sacrificed from understaffing; and whether the reputation and public image of hotel is damaged from poor service quality which may, in turn, result ultimately in a lower of financial performance.

(2) Employee development

This theme picks up all the issues identified in relation to training and

development. The importance of training and development poses significant challenges, in the view of participants in this study. To begin with, hospitality students are often unwilling to enter the industry after they graduate because they experience the hospitality industry as an undesirable working environment during the internship period. Although these students are well-educated and possess knowledge and skills, they are not willing to work an industry which they come to regard as a lower level occupation. The shortage of suitable employees also leads to another problem; that is, it is common that employees do not possess the required knowledge and skills because some vacancies must be filled without much consideration of the background of the applicants when the demand is urgent.

Zhang and Wu (2004) argue that there is a gap between what is taught in education and the realities of the industry itself and this study certainly confirms that view (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13). The gap between expectation and the reality of the industry seems to be a problem which is widely acknowledged but which has attracted little innovative thinking and practice to develop possible solutions. This gap also results in the waste of educational effort and resources and raises the question of ‘are we teaching what we should?’ (Collins 2002)

However, some hoteliers do not see that as a problem, because they believe that knowledge and technical skills can be learned easily on the job (Hotel 3, 7, 8, 10, 12). Their concern is with the personal characteristics, such as attitude and values. And it seems that when they have the opportunity to hire trained staff,

they are looking for education and preparation that will do more than simply focus on skills and knowledge. What they expect is that appropriate attitudes and values can be developed by hospitality education providers (Hotel 3, 6, 8, 9).

The importance of what some writers have called professional behaviour and attitudes is certainly emphasised in the literature. Pizam (2007) argued that hospitality professionals have failed to teach students the proper values of professionalism, which is an amalgamation of: 'an array of appearances and behaviours; an assortment of technical and conceptual skills and a commitment to maintaining competence in a given body of knowledge; and a set of internalised character strengths, values and attitudes directed toward high quality service to others and concerns for others'(Pizam 2007). This is consistent with the earlier suggestion of Gilmore and Gregoire (2001) that hospitality educators should develop students' professional behaviours through such activities as developing a student code of ethics, interacting with a mature professional and relating the interaction to course content, and completing a community service project to develop a sense of social responsibility.

The issue of training and development identified in this study is related to the larger issue of service quality raised in the literature. For example, Garavan (1997) is one of those who has articulated how training and development can be used to reinforce certain behaviours and attitudes which contribute to effective service. Many service encounters occur during the frequent day-to-day interactions in a hotel that ultimately determine the level of service delivery quality. These contacts between customers and employees have been called

‘moments of truth’ and defined as ‘the time and place when and where the service provider has the opportunity to demonstrate to the customer the quality of its services’ (Grönroos 1990, p. 42). Employees themselves are the personification of the service organisation and customers’ overall impression of an organisation is often generated from contact with first-line employees.

Garavan’s (1997) research on hotels in Ireland has highlighted the importance of interpersonal skills training. Service quality interactions between receptionist and customer were rated on six dimensions: greeting of customer, eye contact, speed of service, degree of help offered, personal recognition of the customer, and the expression of appreciation for the customer’s business. The results suggested that interpersonal skills training had a positive impact on the delivery of quality service to hotel customers, being a key factor in generating positive moments of truth.

The importance of training and development identified by the participants in this study has been raised by a number of other writers and researchers (Becton and Graetz 2001; Drost et al. 2002; Huang 2001; Tracey and Tews 1995). If training and development really are the key to success, one could expect to see the hotel industry spending at relatively high levels on training and development in Taiwan. However, the evidence suggests that this is not happening. According to the *Survey on Earning by Occupation* (Council of Labor Affairs 2005), 46.30 per cent of the lodging industry did not provide any training programs; the average training expenditure per organisation in the lodging industry was NT\$288,390 (AU\$11,535.6), which was significantly lower than the service industry overall, at

NT\$2,857,980 (AU\$114,319.2) per organisation. In this study, some interviewees said that their training budget is limited because their proprietors regard training as an expense which must be spent economically (Hotel 6, 10). They are not able to introduce more sophisticated training programs simply because little budget is available.

This finding is similar to previous research in other countries. Conrade et al. (1994) revealed that lodging companies spend less on training than other companies in the United States. Taylor and Davies (2004) also found that less was spent per employee on training in the hospitality industry than other service sectors in Australia. Clearly, in practice, hoteliers do not regard training and development as an important investment. One of the possible reasons for this gap is that it can be hard for individual hotels to measure precisely any financial performance benefits associated with expenditure on training on complex service; and that many lack the skills and motivation to measure the relationship (Lashley 2002a).

As Huang (2001) argues, however, training and development is the most important contribution of the HRM function and the most significant driver for economic development in Taiwan. Conrade et al. (1994) suggested that the lodging industry should emphasise training through making training a line item in the budget, rewarding individuals who undertake training responsibilities, providing incentives for effective training, and addressing effective training in performance appraisal procedures. Some suggestions which might stimulate hoteliers to give training and development a higher priority are offered in Chapter

9.

However, the challenges involved in providing appropriate training and development are not to be underestimated. According to the *Survey on Part-Time Workers* (Council of Labor Affairs 2004), students account for 63.97 per cent and housewives account for 14.41 per cent of part-time works in the hospitality industry. Their reason for taking part-time work is both to earn more money and take advantage of flexible working schedules. However, 60.26 per cent of part-time workers in the hospitality industry did not attend any training program, even though it is available and provided by their employers. The hotel industry is highly reliant on part-time or casual workers and this finding suggests that it is difficult to have a flexible employment arrangement in hospitality that also creates a well-trained labour pool.

Chiang (1998) argued that workers such as students, women, and the aging workforce are more difficult to train in Taiwan than in other advanced countries. According to the *Survey on Part-Time Workers* (Council of Labor Affairs 2004), part-time workers have worse working conditions and benefit packages than full-time employees in the hospitality industry. Significantly, 34.28 per cent of part-time workers have no training and development opportunities and 20.74 per cent of them have fewer opportunities than full-time employees.

(3) Employee management

The issues of high employee turnover (Issue 4), the effective use of outsourcing/dispatching (Issue 5), and the effective use of flexible/casual employment (Issue 6)

identified by the participants in this study are grouped into the category of employee management. These issues are similar to those identified in previous literature and research relating to the Asia Pacific region and to Taiwan, both in general and in the hospitality industry particularly.

The high level of turnover is a significant problem in the hotel industry, that has attracted many researchers' attention (Bonn and Forbringer 1992; Cheng and Brown 1998; Deery 2002; Deery and Shaw 1997; Hinkin and Tracey 2000; Iverson and Deery 1997; Riegel 2002; Simons and Hinkin 2001). There is a considerable debate about what contribution HRM can make to the management of high turnover. In this research, the most significant reason for employee turnover is the availability of better alternatives (Appendix 5). Most participants seem to accept Hoque's (1999b) view that the high level of turnover is a 'fact of life' (Hotel 1, 4, 7, 9, 11, 12, 13, 14). They thought that the characteristics of the hotel industry, such as high work loads, unattractive payment, and just-in-time and seasonal variation demand for labour, are not contestable. They believe it is difficult to manage employee turnover because the nature of the hotel industry makes people avoid working in such an unfavourable environment. This leads to a 'turnover culture' in the hospitality industry: treating a high level of turnover as a normal and acceptable phenomenon (Deery and Shaw 1997; Iverson and Deery 1997).

However, some researchers have suggested that specific HRM practices can enhance employee satisfaction which in turns reduce the turnover rate (Bowen and Ford 2004; Cheng and Brown 1998; Cho et al. 2006; Davies et al. 2001; Haynes

and Fryer 2000; Iverson and Deery 1997). In a survey of hospitality companies in the United States, Cho et al. (2006) suggested that pre-employment testing is significant in lowering turnover rate, particularly for non-managerial employees. In this study, testing has been utilised by some participants (Hotel 3, 4, 5, 6, 10) in selecting specific employees which require financial knowledge or language proficiency on the job.

It is suggested that hotels adopt pre-employment testing because it has been shown to be an effective approach to selecting people who tend to stay with an organisation longer than those who are hired without any test (Cho et al. 2006). Cho et al. (2006) argued that passing a pre-employment test gives applicants a sense of belonging because their suitability has been acknowledged and recognised by the organisation. Introducing pre-employment testing into the employee selection procedures could be a feasible recommendation for human resource managers in the hotel industry in Taiwan, since not many participants have considered that turnover can be lowered by better management.

Empowerment is another suggested approach to reducing the employee turnover. Many researchers (Bowen and Ford 2004; Enz and Sigauw 2000a, b; Haynes and Fryer 2000; Lashley 1999, 2001) have suggested that it is important to empower the employees who provide services by focusing on customers' needs. Service encounters are the main activity in a customer service industry and employees may encounter many different unique situations which can not be covered by the organisational policies and procedures (Bowen and Ford 2004). If organisations are able to empower their employees, then they are able to exercise discretion in

delivering customer service and do whatever is necessary to satisfy customers' needs (Enz and Siguaw 2000a; Haynes and Fryer 2000; Lashley 1999). It has been argued that empowered employees also tend to have a strong sense of control and personal worth because they can take responsibility for the service encounter and have the power to effect customer satisfaction (Lashley 1999). At another level again, it has been suggested that empowered employees are motivated by doing meaningful work that ultimately enhances their job satisfaction and reduces the turnover rate (Bowen and Ford 2004).

These are powerful reasons for finding ways to empower staff. However, it seems that this approach has not been widely taken up in the hotels because the term 'empowerment' was not used by the participants at all in this study. The possible reason could be the constraints of organisational structure and culture. Due to the influence of traditional Chinese culture, the organisational structure tends to be hierarchical with an accompanying bureaucratic culture. Employees have a tendency to avoid making decisions by themselves because they fear any mistake leading to failure, which makes empowerment difficult to implement in the organisation. Given the possible benefits in terms of service quality, customer and staff satisfaction, and turnover, there is much to be gained from considering empowerment options. Some suggestions about how to do this are offered in Chapter 9.

Not surprisingly, acceptance of a turnover culture sits side by side with practices which are easier to implement: outsourcing, dispatching, flexible employment, and casual employment. These benefits of these forms of flexible employment

have been clearly identified by the participants in this study and in the HRM literature in the Asia Pacific region (Rowley and Benson 2002; Warner 2002; Zhu 2004). Kalleberg (2001) has seen flexible employment as a way of being responsive to sweeping social and economic changes. Global economic turbulence increases competition and uncertainty which forces organisations to be much more flexible in employee resourcing and responding to customers.

Compared to most other industries, the fluctuation of workforce demand is more significant in the hotel industry. Human resource managers understandably seize approaches which give them the flexibility to deploy employees in response to the variation, and to recruit a 'just-in-time' workforce in the peak seasons or during periods of commercial or institutionalised seasonality. Flexible employment practices enable organisations to not only cut direct and indirect labour costs but also provide flexibility for both employers and employees. Employers can adapt to variations in the demand and increase flexible workers on an as-needed basis while providing opportunities for people who are glad to take flexible or casual work.

Human resource managers in the hotel industry suffering from workforce shortages have attempted to utilise the strategy of flexible employment to shift the problem of recruitment and training to an external third party. This concept is referred to in the Asian context as dispatching or outsourcing. Dispatching companies employ workers and send them out to customers to work at the client's premises and direction (Kalleberg 2000). Outsourcing is the situation where outside contractors take over the in-house function and manage it on the client

company premises (Purcell and Purcell 1998). However, most participants in this study used the term of 'dispatching' and 'outsourcing' interchangeably.

Macaulay (2000) has suggested that it is important to define what the problem is before regarding outsourcing as a solution. According to the *Survey on Earning by Occupation* in 2005, 20.37 per cent of the lodging industry employed dispatching workers in Taiwan, and their major reasons are recruiting suitable employees efficiently, decreasing personnel and administrative costs, and deploying employees flexibly (Council of Labor Affairs 2005). Some participants in this study have already relied on dispatching companies to provide long-term and stable workforce; others are expecting dispatching can be introduced in the organisation to solve the problem of employee shortages. They regard it as a further development plans for HRM in the future, which will be discussed in Chapter 8.

The role of dispatching companies has becomes an extension of the hotel's human resource department (Kalleberg 2000). They recruit, select, and provide training to employees and dispatch them to work at the hotels' premises and under their direction. Most hotels have outsourced cleaning, security, laundry, gardening, and building maintenance. They are able to attain benefits by outsourcing non-core or peripheral services which are provided by specialist outsourcing company cheaply and efficiently. As Purcell and Purcell (1998) suggested, the types of activity outsourced are most often activities which are supportive rather than central to businesses. However, many participants have already or attempted to outsource housekeeping and food & beverage functions (Hotel 1, 3, 4,

7, 13), which is normally regarded as a core function in the hotel operation. It raises a serious question for hoteliers as to whether these dispatching companies are able to provide the service quality needed.

While flexible employment may be convenient for all parties, it does raise some key issues of employee management. For example, are the benefits to employers of flexibility employment shared with their employees in a win-win situation (Kalleberg 2001)? Different work arrangements may lead to different levels of recognition, commitment, attachment, and obligation between employers and employees. As well as the benefits, hoteliers should consider the side effects of flexible employment. One of the possible negative aspects is that dispatching workers have a limited relationship with hotels in which they will work resulting in low trust and low commitment. These might, in turn, lead to conflict between direct-hire and dispatching workers, and between management and employees (Kalleberg 2000). Another possibility is that it is more expensive to manage the outsourcing activity than originally expected, so that the goal of cost saving is not achieved (Albertson 2000).

In reality, the trend towards flexible working has become unstoppable in such a fluctuating environment (Purcell and Purcell 1998). Dispatching is a pervasive trend in the labour market and it is likely to be a permanent dynamic of the hotel industry in the future. While becoming more popular in Taiwan, but there is no regulation of the process at the time of writing. It has been argued that it is imperative to regulate dispatching employment, because of the complex triangular employment relationship between dispatching company, dispatched worker, and

the firm to which they have been dispatched (Kalleberg 2000; Purcell and Purcell 1998). The issue of control and supervision of dispatching workers is ambiguous because the dispatching company is the employer while the firm dispatched to supervise the employees. This complicated issue can not be covered by traditional employment law which recognises only two parties: employer and employee. Nor are dispatching employment arrangements covered by The New Labor Retirement Pension System.

(4) Environmental factors

Three issues were grouped into the category of environmental factors, including the launch of The New Labor Retirement Pension System (Issue 8), employment alternatives in China (Issue 9), and increasing workforce diversity (Issue 10). These three issues are referred to as environmental factors because they are external to the industry while having significant influences on the hotel industry itself.

The New Labor Retirement Pension System was launched on July 1st 2005 and it was a giant step in the welfare of labour retirement. The new retirement pension system adopts the assured contribution system so that employees receive their pensions without being affected by change of jobs. This is particularly important for the hotel industry which has a relatively high turnover rate. However, the participants in this study have polarised perceptions upon the impact of the new system. Some participants are worried that loyalty will be lowered because employees can change their jobs without affecting their pensions, which may lead to an even higher turnover rate.

Other participants are not so pessimistic because they think that high levels of turnover are already a reality embedded in the industry and that the new system will not make them any worse off. They argue that for senior employees who have high loyalty to the organisation, the new system will not be a motivation for them to quit. For young employees, retirement is still too far to be a consideration, with or without the new system. At the time of this study being conducted, the new system had been launched for less than one year and its influence is still not clear. A further analysis will be needed in a few years' time to investigate if any significant change is occurring due to the introduction of the new system in the industry.

The movement of human capital around the world, like product or services, is an inevitable dimension of globalisation. It also brings with it the issue of workforce diversity, both in the Asia Pacific region and in this study. Diversity is still an emerging issue in the hotel industry in Taiwan because foreign workers are not allowed to be employed in the hotels. Workforce diversity at present is mainly due to foreign and Chinese spouses, who account for 365,000 in Taiwan at the end of 2005, according to the *Third Weekly Bulletin of Interior Statistics* (Department of Statistics 2006).

The extent of diversity workforce is likely to increase in the foreseeable future. However, only one participant in this study considered diversity management as an issue (Hotel 2). Gröschl and Doherty (1999) highlighted the importance of diversity management and suggested that cultural difference must be appreciated and valued if it is not to become a major problem. Similarly, Iverson (2000)

argued that mismanagement of diversity can have negative workplace consequences, including employee dissatisfaction, reduced productivity, and lost motivation, leading to diminished job performance.

While it seems that most hoteliers in this study do not foresee the issue of diversity management as being one that will cause a significant impact on their human resource management practices, it is hard to see how, under the impact of globalisation and internationalisation, this issue will not surface. Although the issue may only just be emerging in the hotel industry in Taiwan, it has been a burning issue in the management of human resources in the Asia-Pacific region generally (Debrah and Budhwar 2004). Hotel 2 suggested that it is important to be proactive and well-prepared for the possibility of change. They certainly see the need to understand the characteristics of different nationalities and cultures in response to the needs of a diverse workforce.

Another environmental factor effect on the hotel industry is the rise of China as an economy. China has vast territory, labour and markets which provide fruitful opportunities for foreign direct investment. Foreign direct investment flows into China not only in the traditional manufacturing sector, but also in electronics machinery, high-tech, retailing and service sectors. Tremendous levels of export and foreign direct investment have made China the world's largest holder of foreign exchange reserves at US\$954.5 billion at the end of July 2006 (Asia Times 2006).

Currently, Taiwan ranks the fourth largest investor in China, next to Hong Kong,

the United States of America, and Japan. These multinational corporations, including Taiwanese enterprises themselves, prefer to recruit experienced Taiwanese professional employees to take manager-level positions in China, due to their familiarity with the cultural background and language literacy. These business-oriented expatriates are glad to work in China because they can receive attractive payment. They are not concerned with the issue of political animosity between Taiwan and China but rather, with the incentives created by tremendous growth opportunities.

The hospitality industry is no exception. Global hotel industry analysts have predicted that more than half of future hotel development projects will be in North Asia and mostly in China (Lu 2005). It implies that labour for the hotel industry is in high demand and the shortages in a trained workforce will be far reaching. One of the approaches that these hotel corporations take is to recruit professional employees at management level in Taiwan's hotel market, and migrate this human capital to China (Hotel 1, 8). These organisations enjoy the human resources benefits from headhunting experienced expatriates; however, it raises the threats of brain drain and human capital outflow for Taiwan.

Although the political relationship between Taiwan and China is inimical at the official level, it cannot stop enterprisers' investments and business activities. It leads to a serious concern that the 'industrial hollowing-out' may occur if the trend of capital outflow continues. 'Industrial hollowing-out' generally refers to a phenomenon whereby the domestic production capacity of a certain industry has disappeared or shifted to a foreign country because of the decline of

competitiveness (Kang 2005). Domestic production is substituted by increased foreign imports. Lowered employment levels in domestic industries are an obvious side effect.

However, Chen (2004) proposes a different view: the hollowing-out of industries has not occurred because departing industries are replaced by more sophisticated industries, and per capita national income is increasing with the development of service and knowledge-based industries. Similar to other advanced economies, the service industries are gradually replacing manufacturing industry and dominating economic activity in Taiwan. Its entire economic structure is oriented toward the service industry, which already accounted for 73.33 per cent of Gross Domestic Product (GDP) in 2005 (Directorate-General of Budget Accounting and Statistics 2006).

One of the participants in this study suggested that besides research and development, and science and technology, the service industry will probably be the only sector left in Taiwan. It highlights the importance of developing specific competitive edges in the service industry. According to *The Global Competitiveness Report 2005-2006*, in terms of the Growth Competitiveness Index (GCI) which represents long term economic growth prospects, Taiwan is ranked fifth overall worldwide, and ranked the first in Asia (World Economic Forum 2005). The Growth Competitiveness Index (GCI) is composed of three indexes: the macroeconomic environment index, the public institutions index, and the technology index. In other words, Taiwan does possess some competitive advantages in these three dimensions. The Taiwanese government should take

advantage of its strengths to develop the service industry, which certainly has come to dominate economic activity.

The Global Competitiveness Report 2005-2006, also highlighted that the most problematic factors for doing business in China are corruption, inadequate supply of infrastructure, and access to financing, while the most problematic factor for doing business in Taiwan is political policy instability (World Economic Forum 2005). The Taiwanese government needs to utilise its strengths and improve its weaknesses in order to develop its own competitive advantages and prevent from being marginalised. Investment incentives must be offered to retain local enterprises and attract foreign direct investment. A desirable environment will ultimately contribute to keep the most important assets in Taiwan, that is, human resources.

6.3.2. The issues in context: a challenge for the development of HRM

The fact that HRM had its origins in the manufacturing sector has naturally led to HRM in manufacturing being better developed than in others (Francis and D'Annunzio-Green 2005), although as indicated elsewhere in this thesis, this conclusion has been contented by some researchers. The Taiwanese government has emphasised and promoted manufacturing, technology-intensive, and labour-intensive industries over the last decades. However, changes in the macro-economic environment have meant that the industrial structure has now taken on a strong service industry emphasis. How to develop and cultivate human resources has become much more important than ever, as service industries start to be much more important in economic activity.

This is certainly reflected in the growth of the hotel industry. Nearly fifty per cent of chain hotels were established in the past decade in Taiwan. Arguably, however, the development of HRM has not matched the speed of development of the hotel industry (Hotel 12, 14), which is, in any event, far behind the mainstream of service development in Taiwan. The government began to promote hospitality education in the 1990s. However, it takes significant time and resources to develop a more modern and sophisticated approach to human resources management. At the same time, changes in the economic environment have been compounded with demographic and social trends, such as an aging workforce, which have put even further pressure on HRM development and practice (Debrah and Budhwar 2004).

Like HRM itself, contemporary hotel development has also had its significant origins in western countries. Prestige western hotel groups, like Hilton, Hyatt, Marriott, Starwood and InterContinental, have a long history of hotel operation and management. They are relatively more experienced in managing human resources and have more strategic skills and approaches to cope with HRM challenges. Given that the nature of the hotel industry is challenging, with employees needing to work unsocial hours with fewer benefits and lower wages, it would be helpful if Taiwanese hoteliers had some opportunity to learn particular HRM approaches from these western hotel groups.

However, except the Grand Hyatt Taipei (the only hotel with a management contract in Taiwan), most chain hotels in Taiwan are locally-owned and have not had the benefit of the introduction of western management approaches. Many

hotel entrepreneurs are from the construction industry and have established hotels simply because they have land and sufficient capital. They have not established management contracts with the western hotel groups. Although signing management contracts with the western hotel groups could enhance their levels of management skill, most hotel enterprisers are profit-oriented and the management fees involved would discourage their co-operation with the western hotel groups.

The 'Doubling Tourist Arrivals Plan' was proposed in 2002 and expected to be fulfilled by 2008. It is estimated that the total demand for room numbers needed to increase by 15,100 (Tourism Bureau 2003b), in order to match the demand of tourist arrivals. It can be predicted that the hotel industry will be operating in a highly competitive environment, and human resources will be one of the mechanisms to create and sustain competitive advantage. Hotel enterprisers and managers need to consider seriously how to develop their HRM strategically and make a linkage between their HRM strategy and their overall business strategy. This theme is taken up again in Chapter 9.

Not only practitioners in the industry, but also government and the academy need to collaborate side by side to strengthen the professional development and practice of HRM in Taiwan. The Chinese Human Resource Management Association (CHRMA), established in 1992, is a nationwide organisation committed to promoting the development and management of human resources in Taiwan (CHRMA 2006). This association focuses on the mainstream of HRM development and provides many seminars, lectures, consulting services, training sessions and HR administrator certification classes. These activities are helpful

for organisations to cultivate their HR professional and establish the rigorous HRM system, policy, and practices. Academic institutions also hold many human resource management related seminars, conferences and forums and invite human resource professionals from local companies and multinational corporations to participate.

However, it seems that they pay more attention to HRM development in industries other than these in the service sector. According to the Electronic Theses and Dissertation System in the National Central Library of Taiwan, research related to HRM is mainly focused on manufacturing, electronics, information technology, telecommunications, education, the public sector, and the finance industry.

This is a significant gap, and the hospitality industry seems to have been neglected in the mainstream of HRM development in Taiwan. It is suggested that these organisations should be able to provide more development opportunities for people in the hospitality field. Then industrial practitioners will have the chance to broaden their appreciation of strategic HRM practices, which will in turn strengthen the level of management skills in the hospitality industry. Again, further consideration and suggestions about these issues are offered in Chapter 9.

6.4. Chapter summary

This chapter has presented ten major HRM issues and concerns identified by the participants in the hotel industry in Taiwan, including shortage of suitable employees; shortcomings in approach to training and development; difficulties with internship employment; high levels of employee turnover; the effective use

of outsourcing/dispatching, flexible/casual employment, and downsizing; the unknown impact of the New Labor Retirement Pension System; employment alternatives in China; and the challenges of a gradually diversifying workforce. For the purpose of interpretation and commentary, the researcher categorised these ten HRM issues into four major themes, namely employee resourcing, employee development, employee management, and environmental factors.

Some commentary was offered, comparing the issues raised by participants with those identified in the literature. Some preliminary suggestions about the scope for action were also offered. In terms of employee resourcing, internship employment is a feasible way of dealing with shortages in skilled labour and seasonal variations in demand because accessions and separations can be managed in a regular cycle. It is suggested that for the purpose of human resources development, hoteliers should be proactive and consider how to utilise internship employment strategically.

It is argued that training and development can have a significant impact in determining the levels of service quality. Hotel enterprisers need to value the importance of training and development because service quality is a permanent competitive force in a customer service industry. The opportunity exists for hospitality education providers to focus on professional development which is helpful in cultivating appropriate attitudes and values in the industry.

In terms of employee management, although high turnover rate is a fact of life in the hotel industry, it still can be improved by better management, as long as

human resource managers can see it as an opportunity, not just an inevitable problem. Flexible employment is an unstoppable trend in the hotel industry, even though its benefits and the risks must be considered carefully. The fundamental thing is to clarify the reason why the hotel industry adopts flexible employment, then evaluate whether flexible employment is a better arrangement for employee deployment.

Finally, certain environmental factors have been raised as having an impact on hotels in Taiwan: the rise of China in particular, is predicted to have a significant influence on the hotel industry. The Taiwanese government must recognise the importance of human resources in the service industry and develop competitive strategies and robust policies in ways that will prepare it for the next era.

CHAPTER 7

HRM Functions and Practices

7.1. Introduction

This chapter addresses the second research question which is ‘What are the major HRM functions and practices used in the hotel industry in Taiwan?’ The respondents were asked: Is there any thing that you particularly focus on in managing your people and what specific strategies are you using? What are the key HRM activities which increase organisational effectiveness? To what extent can the HRM practices of your organisation help to create and sustain competitive advantage? And what type of HRM policies and practices do you need to get the people, structure, morale and culture in order to support your business strategy?

7.2. In-depth interview findings

Participants were asked four separate questions in order to thoroughly investigate the major HRM functions and practices used by participating hotels. To some extent, these four individual questions have a common focus: that is, the specific HRM functions and practices that participants thought would create a better organisational outcome. All four questions were asked, but some interviewees gave responses which frequently overlapped or repeated the same themes across all four. Table 7.1 provides a summary of participants’ responses across the four questions. It is clear that training and development was the most important area of HRM activity for these participants.

Participants at each hotel were also asked to complete a survey of HRM practices, covering recruitment, selection, orientation, training and development, performance appraisal, and overall information. The survey finding is presented in Appendix 5 which is a helpful data set in understanding participants' actual usage of these practices. Analysing these two different data sets (in-depth interview and survey) has the potential to make a comparison between what they thought and what they actually do. Because of the high level of consistency between the two data sets, the survey information is only drawn upon in this chapter to illustrate specific points made by the respondents.

Table 7.1 HRM functions and practices used by participating hotels

No.	Things that are important in managing people	HRM activities thought to increase organisational effectiveness	HRM practices thought to create and sustain competitive advantage	HRM policies and practices that support the business strategy
1	Core HRM practices: recruitment & selection, T&D, performance appraisal	Employee benefits	Training and development	Training and development
2	Discipline	Training and development	Employee benefits	Public relations
3	Managers need to set a good example	Financial incentives	Physical facilities and environment	Information sharing
4	Communication with employees	Cross department collaboration	Retention and reputation of excellent staff	Fair organisational policy and practice
5	Employee benefits	Exemplary employee awards	Supporting the front office	Downsizing
6	Salary confidentiality	Employee Assistance Programs (EAP)	Membership of chains and alliances	Employee motivation
7	Harnessing experience from seniority	Employee attitude survey	Involvement of HRM with top management	Mission statement

7.2.1. Things that are important in managing people

The things considered particularly important in managing people, and the specific strategies used, as identified by interviewees, are listed in Table 7.2. They are presented in order of the frequency with which they were identified by interviewees.

Table 7.2 Things that are important in managing people

No.	What is important in managing people	Remark hotel
1	Core HRM practices: recruitment & selection, T&D, performance appraisal	Hotel 4, 6, 7, 8, 9, 10
2	Discipline	Hotel 2, 11, 14
3	Managers need to set a good example	Hotel 2, 4, 6
4	Communication with employees	Hotel 1, 2, 3
5	Employee benefits	Hotel 5, 12
6	Salary confidentiality	Hotel 13
7	Harnessing experience from seniority	Hotel 2

(1) Core HRM practices: recruitment & selection, T&D, performance appraisal

Core HRM practices, such as recruitment and selection, training and development, performance appraisal and benefits, are regarded as particularly important in managing employees (Hotel 4, 6, 7, 8, 9, 10, 12). Interviewees 4, 7 and 9 focused on recruitment & selection as being particularly important because there are consequences for not selecting the right people in the beginning.

In order to select the right people, various recruitment sources are utilised by participating hotels. Advertising in newspapers, internet, referral, direct

recruiting, and employment agencies are the mainly sources used by participants (Appendix 5). The internet is thought to be the most useful source because it can easily attract the most applicants, allowing managers to select the best employees from a pool (Hotel 1, 2, 3, 4, 5, 7, 9, 11, 12, 13, 14). Referral is another favoured source because referees' 'word of mouth' is seen as having a certain amount of reliability (Hotel 4, 5, 6, 8, 10, 12).

Various selection tools are seen as helpful in selecting the right people. Interviews and reference checking are taken up by all participants, and testing is used by most hotels as well (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 10, 12). Consistent with the data of the previous chapter, many participants regarded employees' characters and traits as the most important selection criterion (Hotel 6, 7, 8). Both Hotels 6 and 8 emphasised that the attitude of first-line employees is a critical point in organisation success. Nowadays young people are less 'agreeable', less conscientiousness and have less sense of responsibility, resulting in a serious problem in employee management (Hotel 6). Where employees do have the right set of attitudes and values, the task of management is much easier (Hotel 8).

However, people's characters and traits are largely formed during their growing-up years in the family and during school education (Hotel 6) and are relatively unchanged after they enter the industry (Hotel 7). These respondents suggested that school education should focus on strengthening students' attitudes and values, since knowledge and skills are most easily developed on the job.

Since employees' characters and traits are difficult to change, Hotel 7 emphasised

the importance of selecting the right people in the first place. Interpersonal networks and relationships are complicated in hotels, and as well, all employees must have the honesty and integrity to deal with the interactions between internal employees and external customers (Hotel 7). There is no standard rule for selecting the right employees but applicant's biographical-data, educational background, working experience, and interview performance are sufficient for the managers to make a judgement as to whether applicants have the right set of attitudes and values (Hotel 7, 8).

Both Hotels 7 and 9 emphasised the importance of organisational culture. Hotel 9 interviews applicants carefully to see if there is a significant gap between applicants' expectations and the reality of the organisation. Applicants' backgrounds are also examined to assess whether they can easily fit in with the organisational culture (Hotel 9). Hotel 7 helps employees to fit in to the organisational culture by providing education and training programs. 'Once employees can recognise the organisational culture, it is easier for them to achieve the organisational goal' (Hotel 7).

Training and development is another core practice which is important to an organisation (Hotel 7, 9, 10), and it can reflect whether an organisation values its human resources or not (Hotel 10). The purpose of training is not only teaching knowledge and skills to new employees, but also strengthening existing employees' mindsets and challenging poor performance (Hotel 9). Not only technical routine training courses, but the development of spirit and mind is considered important (Hotel 10).

Training and development programs should be designed in response to what employees need on the job. Hotel 9 tailors training programs by observing employees' service encounters and surveying customers' commands. After the training programs are implemented, their impact is determined by examining whether service encounters or customer satisfaction have improved. Hotel 10 responded that in the face of high levels of turnover, hotels have to run their in-house technical training courses frequently. They do not have the time and sufficient budget to offer development in mind and spirit because these are usually provided from outside and cost more money. Also, the characteristics of mind and spirit are relatively intrinsic and since their impact cannot be measured in terms of financial benefits, most hoteliers have no incentive to offer such development (Hotel 10).

Hotels 4 and 9 said that performance appraisal is another important core practice because it is associated with salary adjustment and promotion. It is expected that outstanding employees have a pay rise or position promotion after their performance appraisal. However, sometimes employees are not satisfied with the appraisal result because they feel that they are not evaluated fairly and objectively. This may result in employee complaints and disputes. These respondents thought that it is difficult to develop and implement a robust evaluation system because the perception of the appraiser is relative and subjective and a consistent standard is not easy to achieve. They believed that many hoteliers have considered this problem for a long time but are not clear how to achieve a better performance evaluation approach.

(2) Discipline

Discipline is important in managing employees (Hotel 2, 11, 14), and hotels need to develop clear principles for employees to follow to ensure that standards can be maintained. For example, Hotel 14 emphasised that it is important for all employees to go on duty on time. Hotel 11 responded that most customers are not concerned if service is exceptional; instead, what customers want is just neatness, civility, and good manners on a consistent basis. Training courses on being 'well behaved' must be held every month in order to remind employees that their appearance and behaviour are highly important in a customer service culture (Hotel 11).

(3) Managers need to set a good example

Hotel 2, 4, and 6 believe that it is important for managers to set a good example with their own conduct, specifically in terms of honesty and integrity (Hotel 4). Behaving properly as a role model is a principle of traditional Chinese culture that a good manager should follow. Line managers or departmental managers, in particular, play a key role in developing the departmental culture. 'It is persuasive and convincing if managers can set a good example in managing subordinates' (Hotel 6). Employees will be willing to follow the organisational rules if their managers are also doing the same thing.

(4) Communication with employees

Effective communication with employees was highlighted by Hotels 1, 2 and 3. A hotel is like a small society and employees' educational background varies from illiteracy to master's level (Hotel 1). So effectively delivering an announcement

from top level management to all employees is a difficult task. Wrong messages or information can have negative impacts. Thus, the human resource department plays an important role in effective communication between employees and the management (Hotel 1). ‘The role of the human resource department is no longer a gatekeeper or policeman; pleasant communication and interactions with employees are much more important.’

Hotel 3 responded that people are the essence of hotel operation, and unavoidably, employees have complex and intricate interpersonal relationships. ‘Communication and negotiation become key if interpersonal relationships are having a negative impact on job performance’ (Hotel 3). This hotel has two different communication media for employees: the human resource department and the employee welfare committee. The employee welfare committee is responsible for employee benefits, such as social activities and birthday vouchers, and has more chance to get to know employees’ opinions and expectations.

Communication is also important in developing employee commitment and loyalty (Hotel 2). A monthly communication meeting is their approach to enhancing employee commitment. In these meetings, employees are able to understand the organisation’s revenues, expenses and any further plans for the future. The more information employees have, the higher levels of commitment they have, which in turn results in more willingness to devote themselves to the organisation (Hotel 2).

(5) Employee benefits

Employee benefits are also important because they are associated with stability in staffing (Hotel 12). Hotel 12 has operated for fourteen years and there are almost thirty employees still remaining who have been employed from the time of establishment. This hotel believes that it provides better employee benefits than others in that district and that this is the major reason they maintain high levels of employee retention.

Hotel 5 focused on winning employee commitment and loyalty. There are two HRM practices that hotel has emphasised to obtain employee commitment and loyalty. One is employee benefits. ‘We look after our employees by providing good benefits, and make them feel the organisation is another family for them’ (Hotel 5). The other was employee training. Hotel 5 led and invited six other hospitality organisations to participate in a joint-training program which was supported and sponsored by the Bureau of Employment and Vocational Training. It is beneficial for these seven hospitality organisations to participate in the joint-training program because they are able to share mutual resources and exchange their knowledge, skills and experiences with each other.

The major intent and effect of the joint-training program was to enhance employees’ competence; however, the unexpected side effect was to reinforce employee commitment and loyalty (Hotel 5). During the joint-training program, employees from different organisations had chances to interact and communicate with each other directly. They visited some other hotels and had opportunities to compare the benefits and policies in different organisations. These employees

could then understand the advantages and disadvantages of their own working environment. Hotel 5 did acknowledge, however, that among those participating in joint-training, Hotel 5 has employee benefits well above the average.

(6) Salary confidentiality

Hotel 13 responded that it is important for employees to keep their salary confidential. Due to the shortage of employees, it is difficult to hire new employees in the hotel industry. One of the solutions that Hotel 13 took is to upgrade the starting salary to attract new employees. However, it caused significant conflicts and disputes between senior employees and new employees. Senior employees have complained it was unfair that new employees have such high levels of starting salary. As a result, this hotel has enforced a rule of confidentiality around salaries, and requires all new employees to sign an agreement of salary confidentiality. Employees are not allowed to ask or discuss salary with other employees. Even if employees are not clear about the reason why they need to sign the agreement of salary confidentiality, they still have to obey the rule (Hotel 13).

(7) Harnessing experience from seniority

Hotel 2 believes that because hospitality involves an intensive ‘hands on’ customer service culture, most knowledge and skills are delivered and learned by doing. Since high levels of turnover seem an ingrained problem in the hospitality industry, it is imperative to keep the turnover at an acceptable level and retain senior employees who are able to play the role of coaching (Hotel 2). This hotel has taken advantage of their internship student allocation to address the

importance of harnessing experience from seniority. Internship students are employed in an overlapping period to ensure that the experiences of the current internship students can be shared with new comers. It is also beneficial to ensure continuity in service quality as internship students ‘come and go’ continually.

7.2.2. HRM activities thought to increase organisational effectiveness

The key human resource management activities that increase organisational effectiveness, as identified by interviewees, are listed in Table 7.3 in sequence of frequency with which they were mentioned.

Table 7.3 HRM activities thought to increase organisational effectiveness

No.	HRM increasing organisational effectiveness	Remark hotel
1	Employee benefits	Hotel 1, 4, 6, 7, 9, 10, 12
2	Training and development	Hotel 2, 6, 7, 9, 10, 12
3	Financial incentive	Hotel 1, 2, 4, 5, 6, 7
4	Cross department collaboration	Hotel 8, 11, 13
5	Exemplary employee awards	Hotel 1, 6
6	Employee Assistance Programs (EAP)	Hotel 3
7	Employee attitude survey	Hotel 7

(1) Employee benefits

Employee benefits are regarded as the most important factor in increasing organisational effectiveness (Hotel 1, 4, 6, 7, 9, 10, 12). Employees benefits refer to things that the organisation provides to their employees beyond their wages, salaries, and other direct financial compensation. These benefits provided by the interviewed hotels include catering, accommodation, uniform, laundry, insurance, pension, paid time off, training, employee tours, birthday

parties, cakes, and day off, and gift certificates.

However, benefits must be made available fairly and consistently to all employees, no matter what their position and department (Hotel 6, 9). Among the varied employee benefits, activities and trips are popular because employees can enjoy leisure and recreation together and have more chances to understand each other (Hotel 1, 10). ‘We are striving for more employee benefits’ (Hotel 9) and ‘employees will be able to understand that organisations treat them as important and valued assets’ (Hotel 4).

(2) Training and development

Many interviewees responded that training and development can increase organisational effectiveness (Hotel 2, 6, 7, 9, 10, 12). Right at the start of their orientation, employees must realise that ‘they will not be employed if they can not reach the requirements and goals of the organisation’ (Hotel 7). Some employees pay more attention to career opportunities than financial rewards because they are keen to have a chance to develop their career path (Hotel 6). Thus, it is important to offer sufficient training and development programs to employees. ‘Don’t let them feel they are just cheap labour in the hotel’ (Hotel 6). Employees will work delightedly and wholeheartedly if they have chances to acquire new knowledge or skills while working. The benefits then spill over into organisational performance: once exceptional and impressive service quality is provided, customers’ return rate will increase and organisational financial performance will be enhanced (Hotel 12).

In terms of training content, functional departments in hotels provide technical skill training, like housekeeping, table setting, and service delivery. The effectiveness of technical training can be reflected in many different ways, including service efficiency, customer complaints, customer satisfaction survey or performance appraisal (Hotel 8, 9, 13). By contrast, the human resource department focuses on more general knowledge such as first aid training, fire safety, and sanitation; and advanced development such as leadership, pressure management, and interpersonal relationship training. The effectiveness of development programs is hard to measure but it is worth developing and investing in employees in the long term (Hotel 8, 10).

Executive Yuan has many projects to support and encourage organisations to fulfil training and development programs. One of the projects is the 'Youth Employment Action Plan' which is organised by the National Youth Commission, Council of Labour Affairs, and Council for Economic Planning and Development. The purpose of this plan is to provide 'learning by doing' opportunities for young people who have graduated from school. Organisations provide employment opportunities to young people who apply for this plan and the government will subsidise nearly eighty per cent of payment. The period of this plan varies from three to five months. It is intended that organisations will have more sources of recruits and that these young people will have more competitive advantages in looking for full-time employment position. Hotel 10 enjoys participating in this plan because the hotel has access to more entry level people and can deploy them flexibly with little personnel costs and expenses.

(3) Financial incentive

Most participants agreed that financial incentives are a good way to encourage employees and to increase organisational effectiveness (Hotel 1, 2, 4, 5, 6, 7). Financial incentive packages varied in different hotels, in terms of timing and content. Hotel 1 evaluates the annual revenue and distributes premiums at the end of the lunar year. Hotel 4 has a similar approach but distributes premiums every quarter. Hotel 7 sets up budgets for each department and distributes premiums as the budget is reached. These hotels distribute financial incentives based on the performance in organisational or departmental level.

By contrast, Hotel 6 distributes financial incentives based on employees' individual performance. This hotel conducts employee performance evaluation twice per year, the result leading to salary adjustment. They use five scales to identify employees' performance, and the percentage of salary increase is in accordance with that scale. When rewards are correlated with the levels of performance, employees are presumed to be motivated to work harder in exchange for those awards. 'Organisational effectiveness would be increased as employees' interests coincide with the organisation's interests' (Hotel 6).

However, some hotels believe that it is difficult to have a sound and fair financial incentive package (Hotel 2, 5). Hotel 5 has designed many different incentive packages but none of them have been totally supported by employees. 'Employees are not satisfied because they believe the compensation they receive is not in accordance with their contributions' (Hotel 5). This hotel also finds it difficult to identify a clear linkage between individual contributions and impacts,

making it hard to link rewards to profits in a credible way.

(4) Cross department collaboration

Cross department collaboration can enhance organisational effectiveness, both in financial and non-financial terms (Hotel 8, 11, 13). Using existing employees flexibly instead of employing casual workers during peak hours is preferred since they are familiar with the organisational culture and sensitive to the hotel's requirements and standards.

Hotel 13 has developed a specific organisational culture that back-office employees have to assist the first-line employees in front-office during the peak hours. It is beneficial particularly since some back-office employees have transferred from the front-office and have good skills in first-line service. Hotel 11 no longer separates food & beverage departments into small divisions and has integrated its Chinese restaurant, Western restaurant, and bar into a single 'profit centre'. The manager is able to deploy staff flexibly across all these areas. The benefits of cross department collaboration are not only in enhancing financial performance but also in developing employees' second speciality simultaneously, creating a win-win situation for both organisations and employees (Hotel 8).

(5) Exemplary employee awards

Exemplary employee awards are another HRM activity used by Hotels 1 and 6 to enhance organisational effectiveness. Hotel 6 selects an exemplary employee every quarter. Hotel 1 offers gift vouchers for exemplary employees. This human resource management activity makes employees delighted to work harder

because they are able to receive positive feedback and recognition.

(6) Employee assistance programs

Hotel 3 has operated for more than twenty years and has introduced an Employee Assistance Program (EAP) into human resource management to enhance organisational effectiveness. An Employee Assistance Program (EAP) is an ‘employer-provided program that is used as a management tool to assist employees in dealing with personal or domestic problems before they seriously impair job performance’ (Tanke 2001). The purpose of introducing EAP is to help employees concentrate on their work without being disturbed by their personal problems (Hotel 3). Once employees understand what sort of assistance or care they have access to in the workplace, they will not fear dealing with issues and will be delighted to devote themselves to the organisation (Hotel 3).

(7) Employee attitude survey

Employee attitude survey was identified by Hotel 7 as an important tool in increasing organisational effectiveness. The current General Manager of Hotel 7 is from a western country and highly emphasises the importance of listening to the employees. Hotel 7 has conducted an employee attitude survey for three years and its purpose is to enhance job satisfaction and employee cohesiveness. Since the survey is anonymous, employees are free to express their own opinions. Departmental managers also review and share the survey results with employees and make appropriate adjustments for further improvement. ‘Once employees are satisfied with their work, they will have more willingness to serve the customers with knowledge and skills learned from training’, and organisational

effectiveness will be enhanced (Hotel 7).

7.2.3. HRM practices thought to create and sustain competitive advantage

The interviewees were asked what human resource management practices helped to create and sustain competitive advantage. The varied responses provided by interviewees are listed in Table 7.4. This question initially seemed difficult for most respondents. They were either not quite sure of the meaning of competitive advantage or did not know if they possess any competitive advantage. Some of them were able to identify their competitive advantages but these were not related to human resource management (Hotel 4, 5, 7, 12), and included factors such as convenient location, luxurious facilities, and classical architecture.

Hotels 10 and 11 argued that there is no competitive advantage from HRM for individual hotels, because all human resource management practices tend to be homogeneous in the hotel industry. Hotel 10 thought the only differentiating factor for HRM is the character of the human resource manager, including positiveness and leadership. Hotel 11 said that they have difficulty in gaining competitive advantage from any source. Given this significant overall qualifier, once the concept was clarified for them, respondents did nominate some practices as being of potential in developing competitive advantage.

Table 7.4 HRM practices thought to create and sustain competitive advantage

No.	HRM created and sustained competitive advantage	Remark hotel
1	Training and development	Hotel 3, 6, 7, 11, 13, 14
2	Employee benefits	Hotel 4, 9, 10, 12, 13, 14
3	Physical facilities and environment	Hotel 4, 5, 7, 12
4	Retention and reputation of excellent staff	Hotel 1, 5
5	Supporting the front office	Hotel 8, 9
6	Membership of chains and alliances	Hotel 2, 14
7	Involvement of HRM with top management	Hotel 8

(1) Training and development

Training and development were regarded as the most significant HRM practices to create and sustain competitive advantage (Hotel 3, 6, 7, 11, 13, 14). Hotel 3 responded that continual training is a key point to create a warm and comfortable environment. Employees are trained and expected to respond to customer complaints and handle a variety problems or enquiries effectively and efficiently. Hotel 7 regards continual training as a major factor in maintaining high levels of service quality. After each training session, evaluation, follow-up, and assistance are needed to ensure that it translates into sustained service quality.

Hotel 6 is confident that the reason they are able to enjoy a high occupancy rate and high average room rate is sophisticated and exceptional service, which, in turn, must be achieved by training. This hotel highlighted the importance of respecting each customer's uniqueness and providing customised and tailored service. It takes tremendous time and effort to manage the customer relationships so that both front office and back office can access the information and match customer needs. 'It is worth recording customers' habitual behaviour

and develop customer relationship management because customisation of service has been the most significant competitive advantage of our hotel' (Hotel 6).

Hotel 13 is located in a scenic area and training sources are scarce. They invited another four hotels in the same area to apply for the Joint-Training Program which is supported and partly sponsored by the Bureau of Employment and Vocational Training, Council of Labour Affairs. These five hotels are able to make use of mutual sources, exchange information, and share training costs together. They are looking forward to upgrading their service quality and developing mutual opportunities for growth. Their ultimate goal is to promote the tourism market in this scenic area together, rather than compete with each other on price (Hotel 13).

Hotel 14 encourages employees to obtain the Certified Hospitality Supervisor (CHS) certification. The CHS certification is authorised by the American Hotel & Lodging Association (AH&LA), and recognises those individuals who have demonstrated outstanding supervisory skills and have displayed the commitment and talent needed for a managerial career in the hospitality industry (American Hotel & Lodging Educational Institute 2006). Interviewee 14 responded that a subsidy will be provided if employees obtain the CHS certification.

Hotel 11 believes that training and development is an important HRM practice to create and sustain competitive advantage. However, they have difficulty in implementing training and development effectively. Hotel 11 is located in a scenic area and has a significant variation between the peak season and the off-peak season. They are too busy to have any training programs during the

peak season, thus most training programs are held in the off-peak season. However, many employees burn out during the peak season and are not interested in taking training and development programs during the off-peak season because what they need is rest or vacation. It causes a dilemma for the organisation that the training and development is offered but its take up is limited.

(2) Employee benefits

Providing good employee benefits is another approach to creating and sustaining competitive advantage (Hotel 9, 12, 13, 14). Employee benefits are incentives to attract employees and maintain their retention. Hotel 12 provides a cash gift to employees at three major annual festivals, including the Chinese New Year, the Dragon Boat Festival, and the Mid-Autumn Festival. Hotel 13 was a Japanese-owned enterprise in the past and the organisational culture of focusing on employee benefits has been developed. They have funded retirement pension for employees since 1985, much earlier than the recent regulation of the Council of Labour Affairs mentioned earlier.

Hotel 4 relies on offering better salaries to create and sustain competitive advantage. Many hotels have suffered from the shortage of entry level employees, and internship students have been a good source and solution for them. In order to attract more internship students, Hotel 4 has increased the payment from NT\$18,000 (AU\$720) to NT\$20,000 (AU\$800) per month. Compared to other hotels, the difficulty in recruiting has been decreased significantly because more students are pleased to choose Hotel 4 for their internship workplace.

Hotel 10 believes that the hotel's financial performance must be good enough to maintain employment security. Normally they distribute a year end bonus equivalent to at least one month's, but believe that their secret of success is to ensure confidence in employment security.

(3) Physical facilities and environment

Physical amenities and environment were the first thing that came to mind when considering the competitive advantages for Hotels 4, 5, and 7. Although it is not related to human resource management, respondents regarded it as an important competitive advantage. Hotel 4 had spent three years in renovating the hotel, including guest rooms and ballrooms. After renovation, the overall facilities were significantly upgraded and more luxurious, enhancing the public image considerably. Interviewee 4 believed this is a part of competitive advantage and enables it to compete with other hotels.

Unlike other hotels featuring modern architecture, Hotel 5 has distinctive architecture which is the major incentive to attract a large number of visitors, particularly from overseas. The hotel is located on a mountainside and provides a pleasant outlook. It has become an attractive venue for hosting international conventions.

The advantages stemming from excellent amenity were highlighted by Hotel 7 as well. It is located in a central business district and always enjoys high revenues in room and food & beverage. The hotel had renovated the restaurants, lounge, and ballrooms few years ago. The next plan is to renovate the guest room and

bring a fresh image to the public.

(4) Retention and reputation of excellent staff

Hotel 5 has operated for more than fifty years and has for decades played host to dignitaries from around the world. Many experienced employees have the reputation for high levels of skill for important state banquet occasions and settings. Some senior employees even have had the experiences of serving President Chiang, Kai Shek and are able to provide personal butler service to an extraordinarily high level. The reputation of these senior employees has been a competitive advantage for the organisation that cannot be imitated by other hotels.

New establishments in mainland China or overseas presents dangers for the hotel industry in Taiwan (Hotel 1) since they may be able to attract these skilled people. Given that it is already difficult to maintain employee retention in the hospitality industry, which has a relatively high level of turnover rate, the situation is likely to be made much worse.

(5) Supporting the front office

Providing full support to the 'front office', including the food & beverage departments and room division, is one of the major functions of human resource management (Hotel 8, 9). Hotel 9 regards the HRM department as a supporting unit and its responsibility is to support the 'front office' when they need assistance. For instance, the HRM department must be able to hire casual employees for the front office when additional staff are needed. The strategy they use is to establish good relationships with hospitality education institutions and recruit

students to take casual work during the peak seasons.

Although the front office generates revenue directly, it not only up to them to drive the financial performance of the organisation (Hotel 8). The HRM department needs to provide specific support for them to achieve their goal. For instance, in this hotel the HRM department assists by surveying information about the current fashions in dining, and consumers' favourites and preferences. This information will be helpful in designing new products or services. Although this would normally be done by the marketing department, in Hotel 8 the HRM department is happy to provide additional assistance to other areas when they have spare time. They regard employees as their internal customers and believe that the HRM department has a responsibility to be useful in a range of ways.

(6) Membership of chains and alliances

Branding as a chain hotel is regarded as a competitive advantage by Hotels 2 and 14. Hotel 2 said that employees are proud of working in an international chain hotel and delighted to follow any practices or regulations which are introduced from international headquarters. It is advantageous that they are able to access the latest western employee management systems and be aware of new global trends (Hotel 2). They are planning to introduce more employee management systems from international headquarters, including training and development, to sustain this competitive advantage of membership of chains and alliances.

Hotel 14 is a member of Asian Hotels Alliance which is the first international hotel alliance in the Asia Pacific Region. The alliance is composed of five hotel

groups with their headquarters in the key gateway cities of Asia, including Taipei, Bangkok, Hong Kong, Singapore and Tokyo. It contains more than seventy hotel establishments across the Asia Pacific Region. Hotel 14 believes it can enhance customer awareness and convenience through reservation and distribution networks which lead to a competitive advantage for the organisation.

(7) Involvement of HRM with top management

The respondent from Hotel 8 believes that is imperative for the HRM department to be involved in top management and decision making processes, particularly the operation goals or further development in the organisation. Through top management involvement, the HRM department can be clear about organisational policies and perspectives and have the flexibility to make required adjustments. Unfortunately, this respondent is not involved in top management. This creates vagueness about what needs to be delivered and offered to employees, and the HRM department does not have a clear idea about how to assist and support its organisation.

7.2.4. HRM policies and practices that support the business strategy

The participants were also asked what type of formal human resource management policies and practices are needed to support the business strategy. This turned out to be another ambiguous question for most interviewees because they did not understand the meaning of business strategy or doubted if any specific business strategy has been adopted by the organisation. Some interviewees responded that minimisation of personnel costs is the goal that the HRM department needs to achieve because their organisations are financially

oriented and always place financial performance as the first priority (Hotel 3, 9, 10, 11).

Hotel 11 interpreted business strategy as being the orders or rules from the proprietor and further said that the HRM department is not able to do any thing to support the business strategy because they cannot generate revenue directly. Their organisation is financially oriented and pays more attention to business operations and public relations which are directly beneficial for revenue. Hotel 11 also contended that the HRM department is not creative and innovative because the organisation does not expect it to be.

The full range of responses identified by interviewees is listed in Table 7.5.

Table 7.5 HRM policies and practices that support the business strategy

No.	HRM supported the business strategy	Remark hotel
1	Training and development	Hotel 8, 10, 11, 14
2	Public relations	Hotel 8, 9, 12
3	Information sharing	Hotel 9, 13
4	Fair organisational policy and practice	Hotel 4, 7
5	Downsizing	Hotel 1
6	Employee motivation	Hotel 3
7	Mission statement	Hotel 6

(1) Training and development

Training and development were identified as the most significant factor to support the business strategy (Hotel 8, 10, 11, 14). Training and development is important to cultivate employees' capability, competence and proficiency (Hotel 14). Hotel 10 saw themselves as being the best service hotel in the city and said

that good service must be achieved by training in two ways: employees must be expert in Standard Operating Procedures (SOP) and technical skills; and they must be trained to be always smiling, and to have good manners and deportment. This respondent said that employees should treat their job as a sort of performance art and themselves as playing the role of performers to the customers. Employees should do their best to perform when the spotlight is on the stage. Like all performers, they are expected to smile on duty even though they are feeling bad. This is the way to present their professionalism because the nature of the service industry is to please the customers.

(2) Public relations

A positive public image is advantageous in supporting the business strategy (Hotel 8, 9, 12). Hotel 8 invites hospitality, tourism, and leisure department students to visit their hotel. The hotel invites students to visit the real working environment, including the rooms division, front desk, restaurant, bakery and so forth. Besides visiting, the hotel also arranges a lunch for the students so that they can experience the way in which service is delivered.

Hotel 9 supports employees to participate in external activities which have the potential to enhance the public image of the hotel. For instance, chefs are encouraged to participate in cuisine or fine food competitions. If they have the chance to win a prize, the organisation will put up posters announcing this. It is thought that this not only is to the advantage of the individual employee but enhances overall employee morale.

Hotel 12 responded that committing to community service is a way to enhance the public image of the hotel. This hotel is located in a scenic area and many tourist coaches go through this area. In order to create a positive image for tourists, the General Manager leads employees to clean up the neighbourhood and employees can participate voluntarily. This creates an environment that will attract more customers, impress them and ultimately provide positive feedback to the organisation.

(3) Information sharing

Hotel 13 highlighted the importance of publicising information to employees because the more they know, the higher level of confidence they will have in the organisation. In this hotel, departmental managers make a plan regarding business objectives, budget, and expected revenue for the following year and discuss it with the General Manager in a symposium every September. The plan needs to be submitted and have approval from the board of directors. Then the HRM department holds a forum to inform all employees of the content of the plan, including objectives, strategy, and target markets in the following year. Hotel 9 focuses on the efficiency of information delivery and emphasised particularly that employees must be clear about any proposed organisational promotion. Hotels 9 and 13 both agreed that communicating relevant information can support the business strategy.

(4) Fair organisational policy and practice

Hotels 4 and 7 believe that fair HRM policy and practice is important to support the business strategy. For instance, employees do care about the fairness of

performance evaluation because it is associated with salary adjustment and promotion (Hotel 4). If the organisational policy itself is fair and sound, employees tend to have more willingness to accept and follow it, and fewer disputes will occur.

The New Labour Retirement Pension System was launched in Taiwan on 1st July 2005, causing a significant increase in personnel costs to employers. Hotel 7 said that some domestic proprietors made some adjustments in response to the increased costs, including downsizing, changing the proportions of base pay and subsidy, and blocking annual salary adjustments. All of these would be seen much as moves against employee welfare. Hotel 7 is part of an international chain and follows all government policies precisely without any such adjustments. 'The major difference between foreign proprietors and domestic proprietors is the former are enlightened and the latter are short-sighted' (Hotel 7).

(5) Downsizing

Hotel 1 was re-branded in 2003, causing their public image to be damaged and a drop in employees' morale. After re-branding, the hotel's proprietor decided to downsize because the revenue in food & beverage had decreased significantly. The number of employees was downsized from 500 to 250 in three years, leaving employees with little sense of security and diminished enthusiasm for the work. The only thing the human resource manager could do was to protect senior employees who were about to retire.

Organisational structure and operational focus were both changed in the process

of downsizing. Human resource allocation and deployment needed to be redesigned. Service standards, job analyses, standard operating procedures (SOP), job specifications and job descriptions all needed to be redesigned as well, in response to the new organisational structure. Hotel 1 believes that downsizing is a painful issue in a service industry and it will cause significant negative impacts in service quality and employee morale.

(6) Employee motivation

Hotel 3 is worried about their food & beverage revenue, which has decreased significantly in the past years. They thought there were two possible things causing this problem: one is that the macro environment has changed and the other is an internal employee factor. Hotel 3 has operated for more than twenty years and senior employees are no longer enthusiastic. How to motivate and encourage employees, and inspire their service enthusiasm and spirit has been a critical issue for the HRM department. Departmental managers also play an important role in employee motivation. They work with employees every day and understand the problems and pressures employees encounter. Encouragement and comfort need to be presented at the right moment when employees are frustrated and distressed. Hotel 3 believes this will be more useful than giving bonuses in motivating employee.

(7) Mission statement

Hotel 6 said that the mission statement is a helpful support to the business strategy. Their mission statement starts with 'To be the best service hotel.....' and revealed that the importance of service-orientation is highlighted in the organisation. In

order to ensure employees keep the mission statement in mind, it is posted at the entrance to the staff restaurant. The human resource manager often tests whether employees remember the mission statement or not. ‘The mission statement is not just a slogan’; employees need to remember it all the time to ensure their performance is directed toward the goal of the organisation (Hotel 6).

7.3. Interpretation and commentary

In this section, the themes and issues raised by participating hotels are compared with those raised in the literature.

7.3.1. Themes in the literature

Although the debate about ‘best-practice’ models and ‘best-fit’ models continues in the literature (Marchington and Grugulis 2000; Wood 1999), as mentioned in Chapter 3, the bottom line is to improve organisational performance through the application of effective HRM practices (Alleyne et al. 2006). Many researchers have studied the relationship between effective human resource management and organisational performance and despite the methodological challenges, a positive relationship has been established to some extent (Becker and Gerhart 1996; Cheng and Brown 1998; Cho et al. 2006; Davies et al. 2001; Delaney and Huselid 1996; Enz and Siguaw 2000a; Haynes and Fryer 2000; Hoque 1999a; Hughes 2002a; Huselid 1995).

Organisational performance can be measured in many different ways and normally classified into two categories: monetary and non-monetary (Cho et al. 2006). Monetary measurement approaches include labour costs, productivity,

sales, revenue, profit margin, market valuation, return on equity, and return on assets. Non-monetary measures include turnover, employee trust, employee stress, job satisfaction, organisational commitment, employee morale; and organisational performance can also be measured by levels of employee loyalty, service quality and customer satisfaction.

It seems that non-monetary organisational performance is particularly important in a customer service industry. Lashley (2001) suggested that employee satisfaction is important because it is a necessary ingredient to generate customer satisfaction. Employees play a critical role in shaping customer perceptions of service quality so that the interactions between employees and customers can result in customers being satisfied or dissatisfied. Thus, Lashley (2001) proposed a linkage between customer satisfaction, customer turnover, employee satisfaction, and employee turnover, and that this linkage can be a virtuous cycle or a vicious cycle. That is, the decline of customer satisfaction results in reduced customer loyalty and retention. The organisation's profit is lowered and employees have additional pressures to keep attracting new customers. Employee satisfaction is reduced and employee turnover is increased, which in turn affects on customer satisfaction; and vice versa.

In a customer service industry, the relationship between HRM practices and service quality is highlighted because again, service quality contributes to competitive advantage in service industries (Worsfold 1999). Worsfold (1999) suggested that customer perceptions of satisfactory service are directly influenced by service providers 'in the moment' of direct service encounters, which in turn

appear to be influenced by the HRM practices of the organisations. HRM practices can shape employees' behaviours and attitudes so that the issue then becomes what specific HRM practices or policies can enhance organisational performance, particularly in terms of service quality.

In a study of over 200 hotels in UK, Hoque (1999a) tested the relationship between HRM practices and hotel performance. The HRM practices included terms and conditions of employment, recruitment and selection, training, job design, communication and consultation, quality issues and pay systems within the analysis. Hotel performance was measured in terms of labour productivity, service quality, and financial performance. The sample hotels were asked to describe their hotel's approach to business strategy and then split into three categories: hotels with a business strategy focusing on cost minimisation or price competition; hotels with a business strategy focusing on quality enhancement; and hotels with an ambiguous approach to business strategy.

Hoque found that there is a positive relationship between the extent to which the listed HRM practices were adopted and the organisational performance. More specifically, however, the relationship is contingent upon the business strategy the hotel is pursuing. Hoque found that the relationship between HRM practices and both service quality and financial performance is stronger when hotels' business strategy focuses on quality enhancement, in terms of responsiveness to customer needs or providing a distinctive service. However, this positive relationship disappears where hotels place a priority on cost control as the key to business strategy.

Enz and Siguaw (2000a; 2000b) examined the best practices in the United States lodging industry and suggested that creating a service culture through leader development, training and knowledge building, employee empowerment, employee recognition, and listening to customers are the best practices. These hotels developed and communicated clear values and principles to facilitate the creation of service cultures. They had leadership-development programs to ensure that the pool of future leaders was full and their essential skills and competencies were developed. They believed that employee training and skill building were critical for firms to enhance service quality, reduce labour costs, and increase productivity. Employee-empowerment practices were adopted because these would not only appeal to the staff, but deliver more sophisticated customer service. These hotels are also engaged in a dialogue with the customers to discover opportunities for performance improvement.

In a case study of a large luxury hotel in New Zealand (Haynes and Fryer 2000), the hotel owners adopted several new HRM policies and practices in order to upgrade service quality standards. The career structures for both operative and managerial staff were redesigned to link to the employee performance and development. The work has been reorganised and employees are empowered to have greater discretion in solving customer's requests. The hotel staff committee meets monthly with the HR director and managers, and all staff are invited to quarterly meeting where the General Manager of the hotel addresses them and presents awards. Haynes and Fryer found that these HRM practices were positively associated with employee satisfaction and customer satisfaction. The financial performance, in terms of revenue per available room, also has

significantly grown since the new set of HRM policies and practices were introduced.

Davies et al. (2001) investigated specific HRM functions in improving staff relations in the Western Australian accommodation industry. They examined training and development initiatives, performance appraisal, and remuneration and benefits strategy, and found that only the function of training seemed to be related to a significant improvement in organisational performance. The range of training forms included mentoring, formal programs on specific topics, and provision of relevant literature that seemed to lead to a significant improvement in productivity, along with reduced turnover of employees. Davies et al. argued that performance appraisal provides guidance for career planning but many accommodation operators do not include it in the human resource development process. These writers also contended that remuneration and benefits policies are not utilised strategically because management levels are more likely to be offered benefits and salary supplementation than operational staff.

In a case study of a hospitality organisation in Canada, Hughes (2002a) suggested that establishing a service-oriented culture, building a strong capital base, motivating employees, and empowering and providing employees with the opportunity to contribute are the best practices in hospitality management. The mission statement of the organisation is to 'create memories for our guests and staff as the best experience again and again'. They established a service-profit chain to link the mission statement with financial performance. The operational practices which implemented this mission included providing a positive employee

experience, cultivating team work, developing a sense of responsibility to the community and environment, on uncompromising commitment to safety, and honest and integrity. All these practices are detailed in the employee handbook.

7.3.2. Comparing the literature with the findings of this research

After conducting the literature review, the in-depth interviews, and gathering the survey data on HRM functions and practices, it was possible to make a comparison between what is raised in the literature and what is identified in this study, which is illustrated in Table 7.6.

Table 7.6 HRM functions comparison between literature and research findings

HRM functions	Literature	Finding
Employee benefit/remuneration	Davies et al. (2001), Hoque (1999a)	Hotel 1, 2, 3, 4, 5, 6, 7, 9, 10, 12,13,14
Employee motivation/communication	Enz and Siguaw (2000a), Haynes and Fryer (2000), Hoque (1999a), Hughes (2002a)	Hotel 1, 2, 3, 5, 6, 9, 13
Training & development	Davies et al. (2001), Enz and Siguaw (2000a), Haynes and Fryer (2000), Hoque (1999a), Hughes (2002a)	Hotel 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14
Specific statement of service philosophy or mission	Enz and Siguaw (2000b), Hughes (2002a)	Hotel 6
Employee empowerment	Enz and Siguaw (2000a; 2000b), Haynes and Fryer (2000), Hughes (2002a)	Gap

It seems clear that most of the issues identified in the literature are in the minds – and to varying extents implemented in the practice – of the hotels surveyed. The

data from this study has highlighted, however, the challenges that hotels face in the successful implementation of good practices. While some hotels have been more innovative than others, many struggle with limited budgets and a lack of appreciation of the significance of HRM as a source of competitive advantage.

This section looks first at the practices which have been widely recognised and taken up by participants in this study. The importance of employee benefit and remuneration systems is certainly raised in the literature and identified by the interviewees in this study. Compared to other industries, the hotel industry offers relatively lower salaries. However, many interviewees regard benefits and remuneration as fundamental factors in attracting and retaining the talented employees (Hotel 4, 5, 8, 12, 13, 14). Their views are similar to previous research findings that there is a significant relationship between incentive plans and turnover rate (Cho et al. 2006). Pizam and Thornburg (2000) also found that the most significant factor affecting hotel voluntary turnover is satisfaction with pay and benefits. Davies et al. (2001) proposed that utilising benefit and salary policies strategically can improve morale, reduce turnover, achieve targets within the organisation, and add value to hotel operations. In the face of high turnover in the hotel industry, attracting and retaining talent is one of the critical factors in increasing organisational effectiveness and creating competitive advantages.

The performance-based compensation plan is the mechanism adopted by participating hotels. For example, Hotel 4 determines premiums distribution by evaluating the annual revenue. Hotel 7 set up budgets for each department and distributes premiums as the budget is reached. DeNisi and Griffin (2005)

suggest that when compensation is associated with higher levels of performance, employees will presumably have strong motivation to work harder and perform in the effort to receive attractive financial reward. Thus, it can be expected that the organisation's profitability will be enhanced when employees' self-interests coincide with the organisation's interests (Cho et al. 2006).

The importance of employee motivation is also raised in the literature and identified by the interviewees in this study. Stone (2005, p. 412) contended that employee motivation is one of the most challenging HRM practices because 'it manifests itself through employee morale, output, absenteeism, effort, labour turnover, loyalty and achievement.' Enz and Siguaw (2000a) argued that financial compensation is a powerful motivator of successful performance improvements. Hotel 1 and 6 utilise exemplary employee awards to motivate employees because they believe it can enhance employees' enthusiasm for the job that ultimately increases organisational effectiveness. However, Hotel 3 responded that line managers need to motivate their employees through encouragement and inspiration, and to create a sense of belonging in the organisation.

Employee communication is also perceived as important. Haynes and Fryer (2000) suggested that employee communication is one of the key HRM practices to reinforce employee commitment and employee satisfaction. Hotels represent a labour intensive service industry and staff have many chances to interact with each other to spread misinformation as well as information, and to develop and reinforce group cultures. Hotel 8 responded that sufficient communication

between management and subordinates is helpful to fulfil organisational policy and goals. Staff meetings are one of the approaches recommended (Haynes and Fryer 2000). Hotel 2 and 13 utilise periodical staff meetings to deliver specific information about organisational goals, planning, budgets, revenues, and expenditure.

Many hotels make use of employee attitude surveys to obtain the views of staff and facilitate two-way employee communication (Appendix 5), although the specific approaches are different across these hotels (Hotel 2, 4, 6, 7, 8, 9, 12). Hotel 12 utilises a comments box to facilitate employee communication and their General Manager deals with employees' comments in person. Hotel 9 utilises staff meetings and open talks; however, the effectiveness is limited if feedback is not given from top management. Hotel 6 has investigated employee attitudes through questionnaire. Employees were requested to return the survey to their departmental managers directly, which meant that employees did not dare to give any negative comment. Such surveys are clearly unhelpful if they are not conducted sensitively.

When asked which HRM practices increase organisational effectiveness and create and sustain competitive advantage, many interviewees identified training and development as the most important factors in achieving these goals, which is fully supported by many researchers (Davies et al. 2001; Enz and Siguaw 2000a; Haynes and Fryer 2000; Hoque 1999a; Hughes 2002a). All participating hotels, except Hotel 3, have set up the policy that attending training programs is compulsory for employees (Appendix 5). It seems that most hoteliers are able to

identify that it is imperative to continuously train employees to perform their jobs effectively and deliver high service quality in a customer service industry.

However, Ingram (1999) has argued that training and development is a significant area which creates competitive advantage for hospitality organisations but is also the area that needs the greatest insight. Most participants in this study perceived the importance of training and development and recognised these activities are able to enhance organisational performance. However, these practices are not necessarily widely taken up because their proprietors cannot see the benefits of training. The discrepancy between the perspectives of proprietors and those of HRM practitioners can have significant impacts given that it translates into limited expenditure on training and development.

In terms of annual training budgets, Hotel 10 has NT\$1,500,000 (AU\$60,000) and Hotel 12 has NT\$2,000,000 (AU\$80,000). It is higher than the lodging industry overall at NT\$288,390 (AU\$11,536) per organisation, due to the fact that chain hotels are normally operated in a large scale. However, it is significantly lower than other service sectors, such as the transportation, storage, and communication industry at NT\$8,523,480 (AU\$340,939); the health care services industry at NT\$5,919,700 (AU\$236,788); and the finance and insurance industry at NT\$4,810,880 (AU\$192,435) (Council of Labor Affairs 2005).

Hotel proprietors need to understand the benefits of training and, as importantly, the cost of not training. While it is easy to argue in principle that sufficient training budget be provided in order to introduce sophisticated training and development

programs, if hotel proprietors see their significant investment as being in brick and mortar, and physical amenity and food, the burden falls to HR managers to more effectively bridge this gap. Not only do they need to persist in presenting cost-benefit analyses for training and development investment, they also need to be more resourceful in using the resources they do have. Some hotels, as reported in this study, have been remarkably innovative in this respect. Some practical suggestions in facilitating training programs are offered in Chapter 9.

7.3.3. Practices which are under-utilised

Most participants in this study have perceived employee benefits and remuneration, employee motivation and communication, and training and development as important to varying extents. Other practices with potential value are still significantly under utilised.

Enz and Siguaw (2000b) and Hughes (2002a), among many others, have suggested that deliberately articulating and creating a service-oriented culture is important in a customer service industry. However, it seems that the recognition of its importance is not as clear as might have been expected among those interviewees. Of the fourteen participants, only six of the hotels have service principles stated clearly in their business philosophy. For instance, the service principle of Hotel 3 is ‘The heart of service, the spirit of innovation’; the mission statement of Hotel 6 starts with ‘To be the best service hotel’; and the corporate mission of Hotel 7 is ‘Delivering a consistent level of product and service which is excellent, innovative, and customer-driven’. Three of the participating hotels have a business philosophy but a statement of service principles is not included.

For instance, Hotel 2 focuses on social responsibility fulfilment and Hotel 10 pays attention to sustainable management. Five of the participating hotels do not have any particular written business philosophy.

The researcher checked out the hotels' statements of business philosophy and customer service principles from public webpages, such as the hotels' webpages or the job banks' webpages where the hotels posted their recruitment advertisements. Although six hotels have specific service principles in their statement of business philosophy, Hotel 6 is the only one who emphasised the importance of customer service principles in human resource management during the interview process. Many, as indicated in this and the previous chapter, were clear about the importance of customer focus and the importance of the 'moments of truth' created in direct encounters between staff and customers. However, the value of deliberately articulating a customer service philosophy and systematically building a service culture in a range of ways, generally did not emerge in these interviews. This is an interesting finding, given the challenge of working with high levels of staff turnover and sustained skilled labour shortages in the industry.

If hotels do not have service principles in their statement of business philosophy and do not have approaches for effectively operationalising them, it is difficult to develop a strong service-oriented culture among newcomers and casual staff. As Morrow (2000) has pointed out, customer service is the responsibility of everyone, from the top down in the organisation, not just the particular responsibility of the customer service department.

Hotel 6 had some practical ideas about how to go about developing a strong service culture. The suggestion was made that line managers or departmental managers have both opportunity and responsibility for building a service-oriented culture in the organisation because they have frequent direct contact with employees. Their leadership can strongly affect organisational culture development. This thinking is in line with Enz and Siguaw's (2000b) view that line managers should take on coaching roles to communicate and demonstrate service principles to employees. And staff can be recognised and rewarded for delivering outstanding service to customers, thus motivating other employees.

Employee empowerment has been suggested by a number of researchers as one of the mechanisms to create a service culture in a customer-oriented industry (Bowen and Ford 2004; Enz and Siguaw 2000a, b; Haynes and Fryer 2000; Hughes 2002a; Lashley 1999, 2001). These researchers have suggested that service organisations concerned to gain competitive advantage by addressing the issue of service quality need to empower their employees to meet customer needs as they arise. However, this approach was not mentioned at all in this study, as highlighted in Table 6.6.

The advantages of empowerment practices deserve serious consideration in the hotel industry in Taiwan. The hoteliers' interest in empowerment could possibly be raised if they understood its benefits. Enz and Siguaw (2000a; 2000b) conducted a study of the best practices in the U.S. lodging industry and concluded that the adoption of employee empowerment practices can significantly enhance customer service as well as motivating employees. In a survey of the hotel

sector in Germany, Ottenbacher et al. (2006) found that empowerment is one of the significant determinants in successful new high-contact services development. Chebat and Kollias (2000) investigated the impact of empowerment on customer contact employees and also found that an increase in use of empowerment leads to higher levels of employees' job satisfaction.

The argument is that front-line employees must be empowered because they have daily intensive contact with the customers and know the most about the organisation's frontline operations. Front-line employees must be trained properly so that they have discretion to respond to customers' needs and requests with speed and courtesy (Carlzon 1987). Doane and Sloat (2005) argue that people tend to support those things that they themselves create, in other words, empowered employees are motivated by doing meaningful work because it enhances feelings of ownership and personal pride, and creates a mind set of attention, caring, and involvement (Doane and Sloat 2005).

Johnson (1993) describes empowerment as a process of enhancing feelings of self-efficacy and suggests that practical techniques such as words of encouragement, timely feedback, and other forms of communication be used by managers. Managers need to support the needs of the employees and show them respect and trust. Lashley (2001) adds that managers need to create a vision and a climate that builds employee self-esteem by believing in the ability of their staff to succeed. Empowerment is said to involve a 'win-win' situation where both the organisation and the employee benefit from this approach (Lashley 2001).

Armstrong (2006, p. 2) has suggested that performance management is a tool which can be used to ‘establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills’. All participating hotels in this study provided data on performance appraisal practices in the survey (Appendix 5), but only two of them perceived performance management as important in human resource management at interview (Hotel 4, 9).

All participating hotels use performance appraisal annually or semi-annually. Their performance appraisal purposes, schedule and dimensions are clearly communicated with employees. An appraisal interview is also conducted by all participants, except Hotel 12 (Appendix 5). Six participating hotels also conduct follow-up after performance appraisal to confirm improvement (Hotel 1, 2, 5, 7, 8, 13) and eight hotels evaluate knowledge and skills newly acquired through training (Hotel 1, 2, 7, 8, 10, 11, 12, 14). However, its power as a tool in the creation of a customer service culture was not something that surfaced in this study.

Several regard performance appraisal as routine administrative work and some of them even responded that it has become a mere formality with no practical effects (Hotel 1, 5, 6, 8, 9, 10). However, many participants are not satisfied with their current performance appraisal approach because their managers do not conduct performance appraisal effectively and efficiently (Hotel 1, 2, 3, 4, 5, 6, 8, 9, 10). Their managers overstate the subordinates’ performance simply because they want to show kindness and harmony with their subordinates. Employees’ salary

adjustment and bonus distribution are highly influenced by the result of performance appraisal (Hotel 1, 4, 6, 9, 11, 12, 13, 14). Most managers would not like to displease their subordinates and so give them a high assessment even without the equivalent performance. It leads to claims of unfairness, grievances and employee complaints if managers evaluate their subordinates frankly and honestly in the same organisation (Hotel 1, 4, 5, 9, 10).

In a study of the purposes of performance appraisals across ten countries and regions (Australia, Canada, Indonesia, Japan, Korea, Latin America, Mexico, China, Taiwan, and USA), Milliman et al. (2002) found that appraisal and development are perceived as the most important purposes of performance appraisals. Similarly, in a study of performance management systems in Australia, Nankervis and Compton (2006) found that the main purposes of performance management are determining training and development needs and appraising past performance.

The appraisal approach entails a retrospective look at the past performance period to determine the quality of employees' work and their accomplishment of goals (Milliman et al. 2002). This reason for undertaking performance management was the one most frequently mentioned by participating hotels in this study (Hotel 2, 3, 4, 7, 8, 9, 10, 12, 13). That is, participants thought that evaluating employees' goal achievements and identifying employees' strengths and weaknesses are the most important reasons for conducting performance appraisal; while employee development is a less important reason (Appendix 5). However, Milliman et al. (2002) have contended that performance management should have

a developmental focus and be utilised in determining training opportunities, improving employee performance, and determining the future potential of employees. The researcher in the present study therefore concluded that most of those interviewed have quite a limited view of the potential of performance management, both in developing skills and in building a customer service culture.

In their broad ranging survey of the public and private sectors in Australia, Nankervis and Compton (2006) found that the use of Balanced Scorecard and 360 degree feedback appraisal are emerging as significant trends in performance management practices. The Balanced Scorecard was developed by Professor Robert Kaplan and David Norton in the early 1990's and defined as 'a methodology to solve challenges in balancing the theories of a strategy with its execution' (Nair 2004, p. 13). The Balanced Scorecard is a set of measures created by management which relate to the organisation's underlying critical success factors: the things that ultimately determine and sustain an organisation's success. It assists organisations in overcoming three key issues, including effective organisational performance measurement, the rise of intangible assets, and the challenge of implementing strategy (Niven 2006). Of these, the characteristic of performance measurement is the explicit and structured inclusion of performance measures with key organisational objectives and strategies (Nankervis and Compton 2006).

360-degree feedback or multi-source assessments is another emerging trend in performance management. It has been defined by Ward (1995, pp. 20-22) as 'the systematic collection and feedback of performance data on an individual or group

derived from a number of the stakeholders on their performance'. In other words, 360-degree feedback is an evaluation mechanism through which employees are rated by a group of people with whom the individual comes in contact, and it may include supervisors, colleagues, partners, subordinates, and customers.

The Balanced Scorecard has been adopted in other industries in Taiwan; however, only one hotel in this study has considered this approach. Since many participants are not satisfied with their current ineffective and inefficient performance appraisal approach, this is some real potential for them to use the Balanced Scorecard or 360-degree feedback to improve their performance management. Further commentary on the potential of these approaches is offered in Chapter 9.

7.4. Chapter summary

This chapter has presented the specific HRM functions and practices that interviewees perceived as important in managing people, including training and development, employee benefits, motivation, recognition, and communication. They regard these functions and practices as important factors in increasing organisational effectiveness and creating and sustaining competitive advantages. However, the actual resources and effort devoted to training and development suggest that what is hoped for and what is achieved can be different.

There are some other practices which were recognised as important in the literature but were not identified or taken up by most participants in this study, namely a focus on the deliberate development of enduring and robust

service-oriented cultures, empowerment of staff, the Balanced Scorecard, and 360 degree feedback.

On the basis of the data collected in this study, the hotel industry in Taiwan is still quite conservative and not, at this stage, taking up some of the practices and innovations practiced in other sectors and other countries. Chapter 9 further explores the potential for more innovative practice, taking up the challenge of how this might be done in Taiwan's particular context.

CHAPTER 8

Further Needs and Plans for HRM

8.1. Introduction

This chapter addresses the third research question which is ‘What are your future plans for HRM?’ Specifically, respondents were asked what sort of people, in terms of numbers, skills, and capabilities they need in the future; and whether they have any plans for further developing their HRM activities in the future.

8.2. In-depth interview findings

8.2.1. What sort of people will be needed in the future

When asking what sort of people, in terms of numbers, skills, and capabilities, are needed in the future, the participants provided varied answers from different perspectives. Some interviewees focused on what positions need to be filled; others paid more attention to employees’ personality, character and competence. Table 8.1 lists how interviewees responded.

Table 8.1 What sort of people will be needed in the future

No.	Sort of people needed in the future	Remark hotel
1	Entry level employees	Hotel 3, 5
2	Middle level management	Hotel 3, 12
3	Hospitality students	Hotel 12
4	Specific personality and characteristics sought:	
	-Enthusiastic	Hotel 1, 4, 6, 10, 11, 12, 13, 14
	-Language proficiency	Hotel 2, 7, 10, 11, 12
	-Positive attitude	Hotel 6, 8
	-Positive value	Hotel 6, 12
	-Energetic	Hotel 6, 14
	-Flexible	Hotel 2
	-Learnable	Hotel 2
	-Integrity	Hotel 7
	-Interpersonal relationship	Hotel 7
	-Adaptation ability	Hotel 7
	-Communication ability	Hotel 7
	-Competence	Hotel 9

(1) Entry level employees

Interviewees were asked what sort of people will be needed in the future and entry level employees were the most front-of-mind for Hotel 3 and 5. They said that their hotels had suffered from a serious shortage of entry level employees, and that many entry level positions are vacant all year around. In order to recruit the number of people needed, Hotel 5 has had to compromise and lower the level of qualifications and requirements, particularly when workers are needed immediately. This is the reason that this hotel has a three months probation period; that is, employment will be terminated if employees are not suitable or fit the job. Hotel 3 responded that some hotels in South-East Asia have encountered an operation crisis simply because they are not able to recruit entry level

employees. Taiwan will face similar circumstances shortly when new entrants come to the hotel market and exacerbate the problem of employee shortages.

(2) Middle level management

Hotel 3 has operated for more than twenty years and some of its senior managers are going to retire in a few years. It is important for this hotel to cultivate appropriate employees to take up manager positions when needed. Normally middle level managers are from two sources: promoted from within or obtained from outside. Both these two sources have advantages and disadvantages. Managers promoted from within are familiar with the working environment and organisational culture but may lack creativity. Managers obtained from outside can have new ideas but may encounter some shocks and take time to adapt to the organisational culture.

The respondent from Hotel 12 noted that while promotion from within provides career opportunities and development paths for internal employees, recruitment from outside can bring innovation and stimulation in to the organisation. It was suggested that the manager and vice manager between them need to be obtained from each of these sources, and that they need to cooperate and collaborate to lead the organisation.

(3) Hospitality students

Although not many hospitality students are willing to take entry level positions in the hotel after they graduate, Hotel 12 still believes that more students could commit themselves to the industry, since they have sufficient knowledge and basic

skills. They believe that students just need training in technical practices which can be learned on-the-job easily. The retention of these students is a great opportunity for the hotel industry and the hotels should take up the challenge of changing the mind-set of students who regard entry level jobs as undesirable and want to escape from the hospitality industry.

(4) Specific skills, personality and other characteristics

When asked what sorts of people are needed in the future, participants provided varied responses in terms of skills, personality, and characteristics. Some interviewees responded that specific skills are important, such as language proficiency, interpersonal relationship skills, adaptability, and communication skills (Hotel 2, 7, 10, 11, 12). Many interviewees described employee personality and character as being important, including enthusiasm, positive attitude, positive values, energy, flexibility, readiness to learn, and integrity (Hotel 1, 2, 4, 6, 7, 8, 10, 11, 12, 13, 14). Among these characteristics, enthusiasm is the most front-of-mind for most interviewees (Hotel 1, 4, 6, 10, 11, 12, 13, 14). Hotels are in the business of customer service and enthusiasm is a fundamental criterion in the industry (Hotel 1, 6). It is demanding - although interesting - to interact with various customers and only enthusiastic people can fit in the hotel industry (Hotel 1). Interviewee 4 responded that employees are glad to follow the requirements and rules of the hotel and the industry if they have enthusiasm for the job.

Language proficiency was also highly emphasised by interviewees (Hotel 2, 7, 10, 11, 12), particularly since Hotels 2 and 7 are branded as part of international

chains. The front desk is the most important position which requires language proficiency so many hotels make use of tests to ensure employees have sufficient communication skills with foreign languages. Hotel 4 responded that it is relatively easier to fill the front desk position because students who have fluency in foreign languages are delighted to take it. However, it is much more difficult to require language proficiency in other areas, such as the room division, and food & beverage departments.

As mentioned several times already, the Tourism Bureau is promoting the 'Doubling Tourist Arrivals Plan' and the objective of this plan is to develop Taiwan into a prime tourist destination. Language proficiency enhancement is one of the targets identified in this plan. Although most hotels offer language training programs to employees, their language proficiency does not necessarily show significant improvement (Hotel 10). Thus, Hotel 10 prefers recruiting students who have a foreign language major in education; because compared to language proficiency, hospitality knowledge and skills can be learned in a short time.

As indicated, other desired employee skills and characteristics identified by interviewees included energy (Hotel 6, 14), positive attitude (Hotel 6, 8), positive values (Hotel 6, 12), flexibility, willingness to learn (Hotel 2), integrity, adaptability, communication ability, and interpersonal relationship skills (Hotel 7). Hotel 2 responded that employees must possess functional flexibility to solve a variety of problems and achieve cross-department collaboration. They are also expected to be able to learn due to the pervasiveness of change in the industry

(Hotel 2).

These perceptions have significant implications for recruitment. Hotel 6 noted the challenge for selection processes, given that some of these characteristics, such as attitudes and values, are not extrinsic. Hotel 7 said that the challenge remains an important one because knowledge and many skills can be learned by orientation and on-the-job training, but integrity, adaptation ability, communication ability, and interpersonal relationship skills are cultivated in previous life and educational experiences.

Among the desired employee characteristics, only language proficiency can be tested effectively (Hotel 5, 6, 10). The others must be observed from the interviewing experience or references. Most interviewees responded that there is no standard rule on how to judge employees' personality and character, but bio-data, the resume, and interview will provide sufficient clues (Hotel 1, 6, 7, 8, 9, 10, 13). Hotel 6 regards aptitude testing as a supportive tool and attempts to use it in the employee selection process. However, Hotel 1 has cancelled aptitude testing because they felt it was not supportive at all. They said that some applicants may not be honest when taking aptitude testing, so that the results have no reliability.

8.2.2. Further development plans for HRM

The participants were also asked 'Do you have any plans for further developing your human resource management activities in the future?' Some interviewees responded that they do not have any specific plans for the future (Hotel 10);

instead, they would like to focus on maintaining their current HRM policies and practices (Hotel 1, 3, 5, 7). Interviewee 11 even responded that it would be good enough if they are able to handle and manage the current circumstances. The various responses provided by interviewees are listed in Table 8.2. Of interest, however, is that only the first two initiatives were mentioned by a number of hotels. It seems that most hotels prefer to maintain the status quo without much further development. Hotel 6 is the only one that seems to be more sophisticated and innovative in HRM activities. Its thinking could be regarded as being more at the leading or ‘cutting edge’ of thinking in this sample.

Table 8.2 Further development plans for HRM

No.	Further developing plans in HRM activities	Remark hotel
1	Training and development	Hotel 1, 2, 7, 8, 9, 11, 12
2	HRM policy maintenance	Hotel 1, 3, 5, 7
3	Employee attitude survey	Hotel 4
4	Balance scoreboard	Hotel 6
5	E-learning	Hotel 6
6	Aptitude test	Hotel 6
7	Outsourcing	Hotel 13
8	Communication with education institutions	Hotel 13

(1) Training and development

Although all participating hotels have perceived the importance of training and development and implemented related programs in their organisations, most of them are still concerned about how to improve the effectiveness of training (Hotel 1, 2, 5, 7, 8, 9, 11, 12). Hotel 2 is an international chain and will introduce more training and development systems from international headquarters to strengthen

its competitive advantage. Hotel 8 has focused on the development of employees' second area of speciality in skills, believing that is helpful in enabling cross-department collaboration and ultimately increases organisational effectiveness.

Hotels 1 and 7 highlighted the importance of career planning and development which is beneficial for both employees and the organisation. Employees can identify their needs for further qualifications, plan for future job opportunities, and develop career goals. For the organisation, it ensures that qualified employees are available when needed. In order to follow through on career planning development, Hotel 1 said that it is important to select and retain the right people and offer good training programs to them.

Hotel 7 has developed a 'Training Academy' which provides training and development programs tailored to each employee. The purpose of the Training Academy is to build a clear career vision for all employees and highlight how each employee has opportunities to be promoted. Employees can understand their potential development and achievement when they are employed in the organisation from the beginning.

Hotel 9 highlighted the importance of developing casual workers. Due to significant variations between peak and off-peak seasons in the hospitality industry, it is important to have a certain level of flexibility to adjust and deploy workforces. This hotel would like to develop an interactive communication approach that is used to manage casual workers. Through this means, casual

workers will be offered a socialisation opportunity, including a formal hotel tour and orientation packages. A survey will be conducted to investigate if casual workers are interested in any particular training and development programs. Hotel 9 would like to be thoughtful and show the same consideration for these casual workers as full-time employees because it is helpful in reinforcing commitment and loyalty. Once the hotel needs casual workers in the peak season, they will be delighted to work and maybe introduce more casual workers to the organisation.

Hotel 11 responded that the competence of managers needs to be strengthened. Hotel 11 is located in a scenic area and does not have rich resources exchange opportunities. Some managers have been employed for many years but their mindset, competence, and management proficiency have not had significant improvement in the past years. Since managers play an important role in setting a good example, they have to continuously upgrade their own skills before they can require that sort of development from their employees. For instance, managers have to enrich their own service quality, and in this way set the example for others. Managers must be ambitious for on-the-job training development, and then they can require employees to be energetic about on-the-job training.

Hotel 12 has operated for fourteen years and they will have a reform plan for their fifteenth anniversary. In terms of physical environment, the facility will be renovated. In terms of operational practices, standard operating procedures (SOP) will be changed because they are planning to provide customised rather than standardised service, which can tailored to the demands of each customer.

In order to implement the reform plan, sophisticated training must be provided to strengthen and advance the level of service quality.

(2) HRM policy maintenance

Hotel 1 has experienced large scale of downsizing: employees were decreased from 500 to 250 in three years. Many HRM related documents, including job analyses, job descriptions, job specifications, and standard operating procedures (SOP) needed to be reviewed and revised in accordance with the new organisational structure.

Hotel 3 has operated for more than twenty years and some HRM policies are not well documented, and communicated largely by word of mouth. This inevitably causes ambiguity and sometimes suspicion for employees. It is imperative to have all HRM policies integrated and documented because it is beneficial to establish a fair and rational working environment for all employees (Hotel 3).

Hotels 5 and 7 responded that they would like to focus on maintaining and updating the current HRM policies in accordance with the government's laws and regulations. At the time of this research being conducted, there are two new laws being enacted. One has already been mentioned: the New Labor Retirement Pension System enacted on 1st July 2005. The other is Prevention of Sexual Harassment Law enacted on 5th February 2006 and the general intentions of this law are to prevent sexual harassment and protect the rights of victims. HRM departments need to make some revision and amendment in policy in order to implement the new regulations.

(3) Employee attitude survey

Hotel 4 conducted an employee attitude survey in October 2005. However, the survey had no effective result because too many employees responded 'no comment' on the survey. This is part of the Chinese culture that harmony is highly important in the organisation. Employees do not dare to give any negative comment if they are still employed in the organisation. The current General Manager of Hotel 4 is from a Western country and emphasised the importance of listening to the employees. Employees are encouraged to express their own opinions and thoughts for further improvement purposes. It will take some time to educate the employees because it contradicts the Chinese culture. Nonetheless, Hotel 4 places improvement of results on the employee attitude survey as its first priority because they believe this is an important way of caring for people, and allows the organisation to understand employee perceptions.

(4) Balanced scorecard

Hotel 6 would like to introduce the Balanced Scorecard into its HRM systems because it is perceived as an effective mechanism, judging by the experience of other hotels. The major reason for using the Balanced Scorecard is to replace the current employee evaluation system which is not robust, objective, and persuasive. However, it costs tremendous time, money, and resources to introduce a new system in the organisation, 'particularly because the Balanced Scorecard is related to management information systems (MIS) and enterprise resource planning (ERP)'. However, the respondent from Hotel 6 has no confidence that this new idea will be supported by top management because it requires budget.

Another concern is that employees may be against the new system if they fear that

its application will be directly related to ratings employee performance, bonus distribution, and promotional opportunities. Although Hotel 6 has not decided if they would like to use the Balanced Scorecard in this way, employees are already anxious because they are not clear whether a new system has any negative influence on their rights.

(5) E-learning

E-learning is not a new technique in human resource management but ‘it is not taken up in the hotel industry’ (Hotel 6). However, it has benefits. Due to tangible and intangible costs, it is not always possible to offer training to an individual employee when needed; instead, most hotels provide training programs for groups of people in a regular cycle. This means some new comers do not have the chance to be well-trained and get the necessary information at the right moment. Because of the flexibility of its delivery, e-learning means training effectiveness can be reinforced if employees have self-directed learning opportunities and receive the needed information at the right time.

E-learning in human resource management has been applied in private security services and the retail industry in Taiwan, and ‘we are interested in being a first-mover in the hotel industry’ (Hotel 6). The biggest advantage of e-learning is to overcome the constraints of distance and time, and that employees are able to be self-directed in their learning. It is expensive to develop e-learning systems; however, and it might be necessary to explore economics of scale by sharing systems across chains.

(6) Aptitude testing

Aptitude testing measures one's ability to acquire a skill or do a particular type of work which is helpful to predict future performance (DeNisi and Griffin 2005). Aptitude testing is also said to be helpful in lowering the risks in selecting unsuitable people. Hotel 6 said that they did not use any aptitude testing in selection; however, this hotel believed that aptitude testing is an effective mechanism and one has been successfully utilised by other hotels.

(7) Outsourcing

Hotel 13 responded that they currently have fifty positions which they cannot fill because they are located in a scenic area. There are a further fifty employees about to retire within five years. The numbers of local residents are small and the location itself discourages attracting staff from other counties or cities due to accommodation and transport costs. They are not able to recruit sufficient suitable people and would like to rely on outsourcing to solve the problem. For example, Hotel 13 expects the dispatching company can take over the housekeeping function as soon as possible. They believe that the dispatching company has different recruitment sources and is able to bring workers outside the area.

However, Hotel 13 also acknowledges that the most difficult thing is not to find the dispatching company; instead, the most difficult thing is to communicate and collaborate with them. They are concerned that service quality may be sacrificed when outsourcing is introduced in the housekeeping function. Nevertheless, Hotel 13 would like to obtain the needed employees first and then strengthen their

quality step by step. Room quality and facilities are the major product that they can offer to attract customers; particularly as they are positioned as a resort hotel. The public image of the hotel will be affected negatively if the dispatching company can not provide the service quality expected.

(8) Communication with the education institutions

Since hospitality students have limited willingness to enter the industry, the General Manager of Hotel 13 has decided to take an active role and lead the line managers to communicate with the hospitality education providers and students directly. They would like to build up an image for students that hospitality is a desirable industry in the long term, particularly since many manufacturing companies have transferred their operation to Mainland China and the service industry will be one of the industries left in the future in Taiwan.

Many students apply for manager, assistant manager, or supervisor positions when they have just graduated from school. Hotel 13 thought that education providers are not able to deliver the right information to the students so that leads to a significant gap between student expectations and industry realities. They would like to deliver the message to the students that entry level positions should not be regarded as a low level job; rather than, it is a fundamental stepping stone in the hotel industry. Future career path development can be expected if they can follow the training and development programs and achieve good performance.

8.3. Interpretation and commentary

8.3.1. What sort of people will be needed in the future

Having identified the interviewees' concerns about HRM issues in the future, some commentary is offered to explore whether these issues are reflected in the literature. When considering what sort of people are needed in the future, attitude, personality, and personal characteristics are the most important concerns for the interviewees, particularly in relation to front-line staff. Their views are supported by many researchers. Moy and Lam (2004) suggested that personality traits are the most important attributes in selection staff and its priority is superior to knowledge, skills, and ability. Freiberg stressed (1998) 'hire for attitude, train for skill' because knowledge and skill can be improved through education, experience, and on-the-job training but personality characteristics are not likely to be easily changed. In a survey of the Caribbean hospitality industry, Hinds et al. (2004) emphasised that attitudinal problems must be taken seriously because unhelpful attitudes are difficult to train away.

There are many different typologies of human traits or aspects of personality proposed by psychologists. It has been suggested that the so called 'Big Five' personality constructs have been widely accepted as being correlated with work-related performance (Barrick and Mount 1991; Mount et al. 1998). The 'Big Five' personality dimensions are extroversion, emotional stability, agreeableness, conscientiousness, and openness to experience, and the definitions of these dimensions are illustrated in Table 8.3.

Table 8.3 The ‘Big Five’ personality dimensions

‘Big Five’ personality dimensions	Definitions
Extroversion	active, assertive, outgoing, gregarious, sociable, adventurous, energetic, talkative, and preferring to be around people
Emotional stability	not being anxious, depressed, angry, embarrassed, emotional, worried, and insecure
Agreeableness	cooperative, courteous, flexible, forgiving, caring, friendliness, altruism, good-natured, avoiding conflict, soft-hearted, tolerant, and trusting
Conscientiousness	achievement-oriented, careful, hard-working, dependability, well-organised, orderly, having high standards, planful, persevering, responsible, and thorough
Openness to experience	artistically sensitive, intellectual, imaginative, broad-minded, broad interests, cultured, creative, curious, and original

Source: Adapted from Allworth and Hesketh (2000), Barrick and Mount (1991), Behling (1998), Caldwell and Burger (1998), Mount et al. (1998), Moy and Lam (2004), and Vianen et al. (2003).

The relationship between personality characteristics and work-related outcomes has been confirmed in some research. For example, Moy and Lam (2004) investigated the entry-level selection criteria and the impact of personality on getting hired in all major industries (retail, international trade, hospitality, financing, manufacturing, transportation, communication, high technology, personal services, and construction) in Hong Kong. The attributes for inclusion in their study were personal traits (conscientiousness, openness to experience, and agreeableness), abilities (academic performance), and skills (English communication skills). They found that conscientiousness is the most dominant attribute across all major industries and suggested that it is approximately three

times as important as the remaining attributes.

In a study of the relationships between the Big Five personality dimensions and job performance, Barrick and Mount (1991) conducted a meta-analysis across a wide range of occupational groups, including professionals, police, managers, sales, and skilled/semi-skilled. They found that conscientiousness is the best and most critical predictor of job performance in terms of job proficiency (performance ratings and productivity), training proficiency (training performance ratings), and career success (salary level, turnover, status change, and tenure). Extroversion was also found to be a valid predictor for occupations involving social interaction with people.

Owing to a rapid growth in the number of service-oriented jobs and team-based organisational designs, Mount et al. (1998) have subsequently identified the need to investigate the personality correlates of success in jobs involving interpersonal interaction specifically. They conducted a meta-analysis where the criterion for study selection was that interpersonal interaction must be a critical component of the job. Eleven studies were included, of which four studies involved teamwork and seven studies involved dyadic service. They found that conscientiousness, agreeableness, and emotional stability are important predictors of performance in jobs involving interpersonal interactions, both team-based and dyadic service.

The participants' replies in this current study are generally consistent with this literature. The interviewees identified enthusiasm, positive attitudes, positive values, energy, flexibility, integrity, interpersonal relationship skills, and

communication ability as important attributes in the hotel industry. These are characteristics which they would like to reliably select for, and as indicated in the previous chapter, the respondents were looking for education and preparation that will do more than simply focus on skills and knowledge, but assist in the development and reinforcement of this range of qualities. Pizam (2007) would agree with them, suggesting that the development of professional behaviour must be included in the curricula, either in a dedicated course, as a component of multiple courses or through orientation because of its importance whether in school, at work, or in social settings.

Resumes and interviews are widely used by the participating hotels in selecting employees (Appendix 5). However, many researchers have suggested that the use of *job requirements biodata* is a more systematic and rigorous approach than resumes and interviews (Allworth and Hesketh 2000; Dickinson and Ineson 1993; Ineson and Brown 1992; Robertson and Smith 2001). Job requirements biodata is the approach that requires applicants to rate the extent to which their previous or current jobs required them to be involved in particular tasks (Allworth and Hesketh 2000). The content of biodata questionnaires are personal biographical history factors, such as past behaviour, interests, attitudes, and demographic background that can be collated to yield one score of overall suitability (Robertson and Smith 2001).

In a case study of an international hotel in Sydney, Allworth and Hesketh (2000) examined the direct effects of job requirements biodata in a customer service context. They suggested that job requirements biodata has predictive validity for

job performance because applicants' previous and current life experiences are continuously affecting their development and shaping the knowledge, skills, attitudes, values, and behaviours that may be relevant to success in customer service roles. Nevertheless, most respondents in this current research seemed to think that resumes, interviews, and recruiters' judgements are sufficient to make a hiring decision.

Several interviewees mentioned that language proficiency is an important selection criterion, and one which it is much easier to identify and test relative to personality characteristics. Under Taiwan's Tourism Bureau's (2005b) 'Doubling Tourist Arrivals Plan' for national development, it is imperative to reinforce employees' language proficiency in order to attract international tourist arrivals. This is particularly important for a nation whose official language is not English. The importance of English language proficiency of course is not particular to Taiwan, as reflected in Moy and Lam's (2004) finding that skill in English communication is the second most important attribute in selection criteria across all major industries in Hong Kong. Employees must be proficient in both spoken and written English to be hired.

8.3.2. Further development plans for HRM

A number of researchers (Cetron et al. 2006; Henry et al. 2004; Holjevac 2003; Lu 2005; Tanke 2001; Watson et al. 2002; Woods 1999) have attempted to forecast the future HRM challenges confronting the hospitality industry. Although high technology and information system have replaced many traditional and administrative functions, such as payroll and records maintenance, it is not

possible to replace service employees in an intensive 'hands on' customer service culture. Therefore, Holjevac (2003) predicts that employees will continue to be the most important assets of hotels, and that training and development remains an imperative, permanent and continuing activity. Both management and employees need to have the idea of lifelong learning and training, and it will become a significant part of work life at all levels (Cetron et al. 2006).

Most interviewees' thoughts in this study are exactly the same as the views of the researchers mentioned: training and development will still be the most significant activities in HRM in the future. However, as Chapter 7 highlighted, there is a gap between the perception and the reality of the resources available for employee training. A small number of hotels regard physical assets as more important than people.

Among the participating hotels, their views and levels of utilising outsourcing have a significant difference. Taipei has the highest density of hotel establishments in Taiwan because it is the largest city and dominates the major economic and social activities. As mentioned in Chapter 6, many hotels in Taipei have already implemented outsourcing for some core operational functions, such as housekeeping and food & beverage, because they believed that specialist outsourcing companies can provide service cheaply and efficiently. However, some other hotels located outside Taipei have only just begun to consider the feasibility of outsourcing (Hotel 10, 13). They regard outsourcing as a possible solution to employee shortages and would like to shift recruitment problems on to a dispatching company. However, it is questionable how a dispatching company

can recruit suitable workers if hotels cannot.

Macaulay (2000) has argued that if a function has been performed poorly inside the organisation, it will not necessarily be performed better by outside providers, and may be even worse. It seems that these hotels might be approaching outsourcing without first defining what the problem is. As Chapter 6 mentioned, many outsourcing problems relate to the ambiguous triangular employment relationship among the dispatching company, the dispatched worker and the firm to which the worker is dispatched. It seems that many hotels are not concerned about the possible side effects and regard outsourcing as an easy solution to employee shortages. Cetron et al. (2006) have suggested that outsourcing will continue to grow in the hospitality industry. Practitioners certainly need to consider outsourcing but also carefully analyse its costs and benefits.

Besides the plans of Hotel 6 to introduce new HRM activities in the future, such as the Balanced Scorecard, e-learning and aptitude testing, others did not raise many creative ideas or innovative thoughts for further development. This perhaps reflects the context of their industry, which it continues to suffer from the problem of high turnover, tight workforce, and heavy workload. These job-related pressures mean managers have no spare time to consider and stimulate any strategic thinking for long-term development. Employees are regarded as 'fire-fighters' and often get exhausted and burnt out in solving problems. Many of those interviewed would like to concentrate on maintaining the status quo in terms of HRM activities, owing to the constraints of time and work pressure. One of the participants said that even though they have some creative ideas or

innovative thoughts in their minds, they are reluctant to propose these to the top management. That respondent fears that either they will be burdened with extra workload or be criticised if the new ideas are not successful.

However, services are the fastest growing sector of the global economy and subject to global competition (Cetron et al. 2006). Talented staff are sought after in a global labour market. The hotel industry in Taiwan has already suffered from employee shortages and faces the possibility of significant drainage of skills to China. In the next and final chapter, it will be argued that they need to take constructive action to cope with these current and future HRM challenges, rather than being fatalistic. Although change is difficult, hotel enterprises cannot avoid change or be afraid to change. They must realise that the business environment is constantly changing and that change is a part of the reality of business.

8.4. Chapter summary

This chapter has presented the interviewees' concerns about HRM issues in the future. When considering what sorts of people are needed, employee personal characteristics, such as enthusiasm, positive attitudes, positive values, energy, flexibility, and integrity, are the most important concerns for the interviewees. Their views are supported by many researchers who propose that the 'Big Five' personality constructs are valid predictors of job performance.

In terms of further development plans for HRM, only Hotels 6 and 13 have particular creative ideas and innovative thoughts. Hotel 6 would like to introduce new HRM activities, including the Balanced Scorecard, e-learning, and

aptitude testing. Hotel 13 would like to communicate and co-operate directly with hospitality education providers because they thought students do not receive the correct information about the industry. They would like to establish a positive image for students that hospitality is a desirable industry and should not be devalued. In a highly competitive industry, however, it can be argued that all hotels must be proactive in response to the future challenges. The next chapter reviews some of the possibilities for consideration and action that could help to create and sustain competitive advantage in the hotel industry through HRM.

CHAPTER 9

Discussion and Conclusions

9.1. Introduction

This chapter begins with a brief summary of the major issues identified in the data collected and the comparisons made in previous chapters with the relevant literature. The results of this research suggest that most participating hotels' thinking and mindset are at the operational level, rather than strategic level. They are able to identify specific HRM issues as important; however, it seems that they do not have strategic approaches to cope with these challenges, and in fact have come to regard them as a fact of life. Similarly, they perceive particular HRM functions and practices as being important but some of these are not utilised in a sophisticated way. This research will provide some practical and strategic suggestions for hoteliers to bridge the gap between the operational level and the strategic levels of thinking and practice. The researcher's recommendations about the possibilities for future research are also offered.

9.2. Research overview and major findings

The main goal of this study was to explore contemporary human resource management in the hotel industry in Taiwan; most particularly, the way HRM is being thought about and the practices which are in place. The focus was chain hotels, both international and domestic chain, because the researcher expected that formalised HRM practices and systematic thinking were more likely to be in place here than in smaller hotels operating as family businesses. Fourteen chain

establishments participated in the study. It involved interviews with the most senior managers identified by the hotels themselves as being responsible for human resources management. The themes investigated included the human resource management issues which hoteliers identified as being of concern in the industry and to their own organisation; the specific strategies and practices they employ; and the future developments they are planning for the future. The gathering of this information was driven by three central research questions:

1. What are the major HRM issues and concerns in the hotel industry of Taiwan?
2. What are the major HRM functions and practices used to engage with them?
3. What are your future plans for HRM?

9.2.1. HRM issues and concerns (Research Question 1)

Ten issues were identified as the main human resource management issues confronting the hotel industry in Taiwan in the immediate future. They were shortage of suitable employees; shortcomings in approaches to training and development; difficulties with internship student employment; high levels of employee turnover; the effective use of outsourcing/dispatching; flexible/casual employment & downsizing; possible impacts of the new Labour Retirement Pension System; loss of suitable employees to China; and the challenges of a gradually diversifying workforce.

Most of these issues are inter-connected, but in identifying them respondents did

not necessarily make those connections themselves in a consistent way, nor did they explore 'cause and effect' relationships systematically that might operate between them beyond the most obvious. As was reported in the earlier chapters which presented the research findings, there were several instances when the respondents had difficulty thinking about HRM issues in strategic terms. In order to make more than immediate or 'commonsense' of the issues raised, the researcher compared the thinking of respondents with the issues identified in the literature. In each of the previous three chapters, that comparison has been made in a systematic way.

Ten issues identified in this study were categorised into four specific themes, namely employee resourcing, employee development, employee management and environmental factors. Interpretation and commentary were based on these four categories. In terms of employee resourcing, it is suggested that effectively handled internship student employment has the potential to make a much more useful contribution to dealing with the pervasive issue of employee shortages. However, it is suggested that hotels take a long-term orientation and regard internships as a valuable asset in the organisation, rather than just as a source of short-term and cheap labour.

Appropriate employee training and development also have the potential to be dominant factors in enhancing service quality in the hotel industry. It is suggested that hospitality education providers focus on professional attitudes and behaviours and interpersonal relations training as a key aspect of making excellence in customer service a source of competitive differentiation.

In terms of employee management, outsourcing or dispatching arrangements have been adopted by many hotels and will become more pervasive in the future. The government needs to have robust regulations to make this form of employment attractive to both hotels and employees, since traditional employment law can not cover this triangular employment relationship. Hotels also need to analyse the benefits and the costs of these flexible employment carefully.

The economic rise of China, an external environmental factor, will continue to be a significant threat for Taiwan because it causes brain drain and human capital outflow across a number of industries. This threat might provide a much needed incentive to make hotels in Taiwan more attractive places to work. Both government and industry need to have competitive strategies to develop service industries and keep talented people in Taiwan for the hotel industry.

9.2.2. HRM functions and practices (Research Question 2)

The interviewees were asked what specific HRM functions and practices are important to serve as drivers in increasing organisational performance, creating and sustaining competitive advantage, and supporting the business strategy. Interviewees provided varied responses including training and development, employee benefits, and employee motivation.

In terms of training and development, most participating hotels perceive these activities as highly important. However, it was found that most hotels did not make much investment in training, relative to a noticeable discrepancy between perception and the reality of practice. It is suggested that hoteliers need to

realise both the benefits of training and the significant costs of not training. They need to invest more resources and reinforce the level of training and development programs. Key ways to motivate employees included benefits such as bonuses, employee assistance programs, and exemplary employee awards. While respondents mostly did not make linkages to sustaining competitive advantage and business strategy, they did see these benefits as increasing organisational performance.

While some respondents referred to the importance of developing service-oriented skills, the idea of customer service excellence as a key dimension of organisation culture was not a central theme. Nor was there recognition of the importance of employee empowerment as a powerful mean of developing a service-oriented culture. The idea that culture is an element of business strategy, while clearly identified in the literature, was not mentioned by most respondents in this study. There are many practice opportunities here; for example, departmental managers and team leaders can play a key role in delivering and developing a service-oriented culture on a day-to-day basis. They have the responsibility and opportunity to set a good example for their subordinates, and to role-model service excellence. They can also empower front-line employees who have many direct face-to-face contacts with customers. ‘The moments of truth’ (Carlzon 1987) in service encounters determine customer perception of service quality, and empowered skilled and confident staff can make a substantial difference.

9.2.3. Further needs and plans for HRM (Research Question 3)

When asked about the future, many interviewees said they intend to maintain the status quo, without implementing much in the way of innovative HRM strategies or practices. They believe that finding the right people is the most important issue, and that people's personality and characteristics such as enthusiasm, energy, positive attitudes, positive values, and language proficiency, are the most important factors in hiring future employees, particularly at the entry level.

Only two hotels suggested or practised particularly innovative HRM activities for further development. One is planning to introduce e-learning, aptitude testing, and the Balanced Scorecard as a significant performance management practices. Another is planning to work proactively with hospitality education institutions because they believe education providers can do better in preparing and advocating hospitality as a desirable industry and students can commit themselves in their future career planning.

9.3. Implications of the results and some recommendations for the industry

What is striking among all these findings is the observation that most hotels do not see human resources management as a source of competitive advantage, and that many seek to maintain competitiveness primarily through new facilities and amenities. However, Ottenbacher and Gnoth (2005) have argued that the effectiveness of a hotel's approach to human resources management is just as important as a source of sustainable advantage. And this current study has reinforced that the highly competitive nature of the industry applies not just to customers but to staff. Particularly talented people are much sought-after in a

labour-intensive customer service industry. The hoteliers of Taiwan need to be rather more strategic in their thinking and practice in relation to human resources.

Four areas of focus are explained in this last chapter as areas of leverage which deserve more serious systematic attention. They are: the development of a robust service culture; training and development in a service culture context; managing labour supply and demand; and positioning the HRM function.

9.3.1. Developing a robust service culture

In their comprehensive study of HRM issues in hospitality and tourism, Watson et al. (2002) investigated international hospitality and tourism organisations (defined as operating in two or more countries) across 32 countries. They used the three areas of resourcing, development, and employee relations as a framework to examine a range of issues and invited the most senior human resource specialist in each organisation to prioritise current and future HRM issues. The top three major HRM issues, both currently and in the future were identified as service quality, training and development, and staff recruitment and selection. It is clear that these three HRM issues have been identified as important for the industry globally. The hotel industry in Taiwan is competing in the global market and hoteliers must be aware of this trend and tackle these issues strategically.

Maxwell and Quail (2002) have also highlighted the significance of human resource management practices in developing strong service quality cultures. In a case study of Hilton International Hotels, they investigated the relationship of human resource management and development with quality service and found that

there is a co-dependency between the positioning of the human resource management and development on the one hand, and service quality on the other. Their results suggested that driving for service quality can promote the organisational status of HRM overall because effective human resources management is central to service quality, and vice versa.

On the evidence of this study, recognition of the strategic and practical significance of HRM requires a significant shift in the mind-set and practice of hotel management. From a strategic perspective, hotels are not simply in the business of selling accommodation, food and beverages but rather, in the business of providing people with memorable experiences of service. However, many hotel executives in Taiwan are product-oriented and regard physical facilities as the way to gain competitive advantage. They are more likely to make investments in the renovation of physical facilities because they think luxurious amenity is attractive to customers. It seems that they do not realise that physical facilities can be imitated easily and usually results in a 'me-too' phenomenon in the cycle of competition.

Elevating the quality of the service experience to a central place in business, and therefore HRM strategy will be a major challenge for the hotel industry in Taiwan. A business philosophy which takes the development of a service culture seriously, as a key priority, requires more than just a simple slogan or a symbol. There are many elements to be considered. Explicit service principles then need to be translated into clear statements of expectation contained in role definitions, accountability specifications, and basic statements of operating process.

Service excellence as an aspiration needs to be expressed both in statements of vision and mission, business strategy and values, and in key indicators of performance. The Balanced Scorecard (Nair 2004; Niven 2006) is one powerful and practical way of translating high level statements of vision and mission into robust dimensions of business strategy. One of the most significant contributions of the Balanced Scorecard is its capacity to balance short-term and longer term issues. It is a comprehensive tool because it serves to emphasise that business performance demands more than just a short-term financial perspective (Lashley 2002a).

Measurement is the first thing that comes to mind when considering scorecards. 'The measures selected for the Scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organisation will achieve its mission and strategic objectives' (Niven 2006, p. 13).

There are four dimensions identified and measured in the approach of Balanced Scorecard: those to do with finances, customers, internal processes, and employee learning and growth. There are many potential measures but organisations need to select the most well-suited measures for their specific industry. In the hotel industry for example, commonly used financial measures are revenue, profits, assets, cost, expenses, and cash flow. Measures for the customer perspective could include customer satisfaction, customer retention, and customer complaints. Internal processes can be measured by response time to customer requests. Employee learning and growth measures include employee satisfaction, turnover

rate, training investment, and leadership development (Nair 2004; Niven 2006).

Among these four dimensions, the customer perspective can significantly reflect service strategy aspirations. Niven (2006) suggested customer intimacy as a useful tool for the customer perspective because customer intimacy highlights the importance of accessing key customer information. The more information the service provider has about its customers, the more capacities it has to anticipate and predict customer patterns and offer personalised service (Niven 2006).

Compared to traditional performance measurement which involves looking back (the use of lag measures of performance), the Balanced Scorecard is predictive in nature and has the capability of looking ahead and creating leading measures of performance. It measures processes and activities that allow organisations to make adjustments based on results. Sixty per cent of the Fortune 1000 companies have adopted a Balanced Scorecard approach and more global companies have planned to implement it (Niven 2006), making Niven claim that it is becoming a universally accepted business tool and performance measurement methodology.

Hotels operate in a labour-intensive service industry and staff have many chances to interact with each other. 360-degree feedback is another performance management approach to be considered because it requires employees to be rated by a number of the stakeholders. Individuals can have more objective and reliable feedback and a broader perspective on how they are perceived by others. It is regarded as the means of comprehensively revealing how successful an

individual is, in all their important work relationships (Ward 1995).

Ward (1995) contends that 360-degree feedback data generated from real working circumstances has three important characteristics: the variety of the assessors or respondents, the balanced nature of the feedback, and the face validity of the activities measured. It can be used to rate an individual's proficiency at performing a task, degree of mastery, familiarity with a subject or discipline, and a pattern of characteristic ways of responding to the external environment (Lepsinger and Lucia 1997).

Ward (1995) argued that the starting point of 360 degree feedback is the identification of strengths and development needs for performance improvement. Armstrong (2006) has also suggested that using 360 degree feedback data as the basis for learning and development is most likely to be successful in the organisation. It provides a rounded view of the individual's performance and what the strengths and weaknesses are that ascertain their present performance and future development needs. It can be used as a way of continuous improvement since it has potential to both articulate and motivate behaviour change in the workplace (Ward 1995).

The Balanced Scorecard and 360-degree feedback have two advantages in common. One is that the sources of performance management are multilateral, rather than traditional singular downward appraisal, and so are more likely to provide reliable and thorough information. The other is that the customer perspective has been taken into account. In a high contact service industry, the

customer needs to be the central figure of the organisation and every decision made within a company should be made with the customer in mind (Doane and Sloat 2005).

These two performance management systems could be important instruments for bringing home to hoteliers that management of sustained organisational performance demands more than just financial perspective. Hoteliers need to be more innovative and to consider new approaches, particularly those whose effectiveness has been confirmed by many organisations around the globe. Although a teething period is unavoidable in starting a new system, hoteliers should not be too conservative to attempt it. Careful design, sufficient communication and facilitation skills training are important to minimise the possible negative effects.

Creating empowerment, defined as providing employees with a sense of autonomy, authority, and control together with the abilities, resources, and discretion to make decisions (Johnson 1993), is another of the more fundamental approaches to enhancing the level of service excellence (Lashley 2001). It is also a significant aspect that needed to be fostered in the hotel industry in Taiwan. Lashley (1999; 2001; 2002b) has suggested that it is highly important to empower, particularly front-line staff, who provide service directly to customers. However, most hotel organisation work systems are highly standardised and the principle of 'one best way' approach to the service offered to customers limits the opportunities for individual discretion (Lashley 2002b). It will be challenging to introduce empowerment in the hierarchical organisational structure, with an accompanying

bureaucratic culture, which is pervasive in Chinese society. It can be expected that tremendous time and resources are needed to educate and train employees in terms of empowerment in the organisation.

More generally, however, Lashley (2002b) has argued that a common problem in the process of empowerment is that managers fail to address the development of the feelings of empowerment. Conger and Kanungo (1988) suggested that there are five stages in the development of empowered employees: diagnosis of conditions within the organisation that are leading employees to feel disempowered; the use of techniques to remove the feelings of disempowerment such as participative management; ensuring employees have the chance to experience self-mastery and share information and experiences of success; encouraging employees to reflect on their new experiences; and monitoring and publicising the effects of empowerment as they are revealed. These five stages may provide guidance for hoteliers in Taiwan who might be likely to seek a step by step approach to empowerment in their organisations.

The value of empowering front-line employees resides in their day-to-day contact with the customers and the fact that they know the most about the organisation's frontline operations (Carlzon 1987). However, front-line employees are usually at the bottom of the organisational pyramid and feel limited by the layers of management they need to work through in order to get the 'right' response to the customer requests that constantly arise. Thus, Lashley (2001) suggested that flattening in structures is helpful in establishing a more service-driven or customer-oriented organisation. Hierarchical layers both create and ruin

‘moments of truth’ while frontline staff and customers are waiting for decisive and helpful decision-making.

Grönroos (1990) stated that it is important to seize each service encounter because it is the moment of opportunity to demonstrate to the customer the quality of the service. Once the moment of the situation is over, the moment of opportunity is gone, and there is no easy way of adding value to the perceived service quality. If a significant problem has occurred, it is too late to take corrective action; and it is often more expensive and less effective to correct mistakes (Grönroos 1990).

As mentioned in Chapter 7, line managers should promote and reward their staff members for exceptional customer service behaviours, rather than just admonish poor performance. A newsletter could be sent out to boast of customer service successes so that the idea of service is constantly in front of employees, and they would be aware of the importance of their efforts in achieving quality customer service (Morrow 2000). Staff meetings are another good opportunity to acknowledge employees because recognising employees in front of their peers can have a positive effect in employee motivation and aspiration. These practices can make employees become customer-focused and ultimately assist in developing a robust customer service culture in the organisation.

9.3.2. Training and development to support the development of a service culture

Offering continuous training is another way to develop a robust customer service culture. Orientation programs are the obvious way to train employees that

giving excellent customer service is their day-to-day goal. It should contain more than just an explanation of benefits and a tour of the facilities; instead, it is the first place to start planting the seeds from which a customer service culture can grow and thrive (Morrow 2000).

However, it is also important for service providers to offer continuous training and development to service performers in order to exceed or at least meet customer expectations. Nevertheless, by comparison with other service industries, most hotel organisations do not invest much on employee training, on the evidence of this study. It seems that they can not easily put a value as the benefits of training for business performance. There are two possible reasons for this gap. One is that hoteliers may define business performance narrowly in terms of financial dimensions and neglect other non-monetary organisational performance, such as service quality and customer satisfaction, as important factors in a customer service industry. The other is that successful business performance is generated from a whole cluster of factors and it is not possible to measure precisely any financial performance benefits associated with expenditure on training (Lashley 2002a).

This is a widespread problem, across many industries and many countries, particularly in relation to work that is seen as semi-skilled work that anyone with the right attitude can do. Although the benefits of training are not easily linked with financial performance directly, hoteliers in Taiwan must be enlightened to see that employee training certainly has benefits on service quality that in turn, influence competitiveness and financial performance.

Since the perceived cost of training is most likely an issue, hoteliers can ease the financial burden by taking advantage of training resources provided by the Bureau of Employment and Vocational Training. Hotel 13 only has a NT\$800,000 (AU\$32,000) training budget per year; however, they have strategic plans to make use of industry-government-academia collaboration and send their employees to educational institutions for training. Eighty per cent of training costs are subsidised by the government which means that hoteliers can cultivate their employees with little cost. This strategic arrangement is attractive, given the constraints of the low level of training budgets available in many hotels. Other hotels with the same constraints are advised to take up this collaboration approach to enhance the benefits of training and development.

Resource sharing is another attractive arrangement, and is used by at least one respondent in this study. Hotels located in the same region can join together not only to share training costs but also as we have seen in this study, to promote their regional culture and tourism market. The ultimate goal is that the financial benefits are spread and shared by the hotels in the same region. It will result in a virtuous cycle, rather than the sort of vicious cycle that results from competing with each other on price.

The development of a strong internal labour market is also suggested given that talent employees are much sought-after in the hotel industry. The key elements of a strong internal labour market are training, promotional opportunity, job security, pay and customary law (Doeringer and Piore 1971; Siebert and Addison 1991). It is argued that the provision of a strong internal labour market creates a

stable workforce and provides a constant supply of trained and qualified workers, which would therefore lead to lower turnover rate and higher retention of employees (Deery and Jago 2002; Iverson and Deery 1997).

In an early study of the role of mobility in the development of skills for the hotel and catering industry, Riley (1980) contended that the limited development of internal labour markets in hospitality influences labour turnover because employees have limited scope for their career path development and therefore leave employment. In a later study of turnover culture, internal labour markets and employee turnover in the hotel industry in the Melbourne metropolitan area, Deery (1999) utilised four components of an internal labour market (promotional opportunity, job security, training, and pay) to determine the predictors of employee turnover and the relationship of each component to employee intention to leave. The result suggested that promotional opportunity was found to be the most important predictors of both employee intention to leave and turnover culture, confirming Riley's view.

Deery's (1999) findings have some important implications for management. That is, organisations wishing to retain talent employees need to provide opportunities for those who consider promotion because it encourages employees to stay in that organisation longer. This is particularly so for entry level employees because they may regard entry level as a low level job and promotional opportunity as limited. Organisations need to break this stereotypical view and promote entry level positions as not dead-end jobs, but instead, as fundamental to a sound career path.

Another suggested approach for hotels is to utilise the power of their own chains. All hotels participating in this study belonged to chain operations, branded under the particular hotel groups with the same name and the same logo. However, in practice, they do not have much collaboration except around reservation systems. Almost each establishment has its own proprietor and independent human resource management systems, policies, and practices. They do not share resources or exchange experiences with each other, nor offer internal job rotation in the same chain.

It is suggested that these chain hotels should take advantage of the power of chains and have more collaboration and interaction, particularly in training and development activities. For example, Hotel 6 has considered introducing e-learning in human resource management. However, the major concern is that an e-learning system is expensive and may not be supported by their proprietor. Taking advantage of being chain members could provide an attractive solution because they can share the costs mutually. In particular, chain hotels with the same name and the same logo may have similar Standard Operating Procedures (SOP) and similar training programs. They could more readily establish mutual e-learning systems to minimise their training costs and maximise its effectiveness.

Operating as a chain hotel, it is important to deliver consistent service quality because customers can reasonably look forward to experiencing the same standard service encounters in the same chain. This is often the reason that loyal customers choose the same chain if they have had satisfactory experiences with a particular hotel. Hotels should make use of the advantage of being chain

members to enhance organisational performance. They should have more collaboration and interaction to exchange their resources and experiences. If a positive word-of-mouth has been established, its benefits will be spread out to all chain members.

9.3.3. The supply and demand for suitable staff

As we have seen, due to the nature of the hotel industry, labour demand is highly unpredictable and subject to seasonal variation. This has led to the hotel industry having a negative image among prospective staff, with vacancies in this sector being more difficult to fill than any other industry (Alleyne et al. 2006). The effective management of supply and demand of suitable staff is a major and continuing problem in the hotel industry. Cyclical demand patterns may make it unprofitable to retain more than a core of staff who become skilled and loyal to the organisations but whatever the seasons, customers expect excellent service.

At the same time, as was clearly indicated in the findings of this study, it is increasingly difficult to find staff at any season who are genuinely attracted to the industry and would like to make it a career path. Customer expectations for service quality are increasing while at the same time qualified and motivated employees are becoming more difficult to find and keep in hospitality (Hughes 2002b).

The employee shortage problem will continue to be the major challenge for employers, both at the entry level and at the management level (Tanke 2001). It is foreseeable that the labour market will become even tighter and that

competition for the best talented will be even more severe. Hughes (2002b) has pointed out that when supply is scarce, the development of an effective recruitment and selection strategy becomes significantly more challenging and imperative. The hotel industry in Taiwan needs to have some effective strategies to cope with the current problem and the potential crisis posed by the diversion of skills to China.

Internship employment is a widely adopted approach in the hotel industry in Taiwan. It provides a stable resource for human resources planning and staffing because their accessions and separation occur in a regular cycle. However, it is the way this arrangement is managed provides only short-term benefits, rather than long-term benefits for the organisation. The relationship between interns and employers only lasts for a temporary period. Once the internship employment is terminated, the relationship is severed and no lasting network of relationships is created.

It seems that the hoteliers cannot see these internship students as potential valuable assets for the organisation; and adopt the short-sighted view that they are cheap and disposal labour. It would seem much more strategic to find ways to maintain and develop relationships and job opportunities for these interns. It not only solves the problem of staffing but also saves orientation and training costs since these interns are familiar with the organisational culture and the standard operating procedures.

Hotel organisations employ internships from many different hospitality education

providers. In order to develop long-term relationships with interns, it is suggested that a human resource information system is needed to keep in contact with them (Hughes 2002b). Hotels also need to develop a sense of belonging for their interns and raise their interest to come back to work in the hotel. Regular newsletters can be mailed out and interns kept informed about any new event or development in the organisation. Reunions or gatherings can be held to make them feel they are still the members of the organisation. Human resource managers can contact and provide an offer to interns actively during the graduation season when they are looking for a job. Hotels can hire back the previous interns by sending an invitation card, when a position is vacant or casual employees are needed in the peak season. These practices are helpful in contributing to a culture in which internship students feel valued.

Handled well, internships are a highly beneficial arrangement for all three stakeholders, namely education providers, internship students, and internship employers (Walo 2001). In order to have a sophisticated triangular internship employment relationship, these three parties should have sufficient communication, collaboration, and consultation for further development purposes. Internship employers provide information to education providers about what sorts of skills, knowledge, and abilities are needed and perceived important in the industry. Education providers need to deliver helpful information to students before the internship intake, including the nature of the service industry and the attitudes and values needed. For internship students, their feedback must be valued to ensure that they can effectively integrate theoretical knowledge with practical experience. More thorough communication among all stakeholders will

make a contribution in narrowing the gap between expectation and the reality of the industry, which has been identified as a significant HRM issue in this study.

Chinese culture encourages people to be aspirational to pursue higher degrees and respectable careers. Entry level positions in the hotel industry are often looked down on and regarded as having a lower social-economic status. One of the interviewees said that some academic staff do not help this situation, telling students that the level of jobs in the airline industry or travel agency is higher than the hotel industry, and that students should not enter the hotel industry if they are going to pursue a bright career in the future. The respondent was concerned that some academic staff have a stereotypical view that the positions hotels can offer are just waiter, waitress, or housekeeper. It would be more helpful if these jobs were seen as entry level positions in which people can learn skills fundamental to a career path that can offer much more.

If this is indeed a problem, it is suggested that hospitality education institutions make more use of skilled industrial practitioners in their teaching programs or send academic staff to learn what the industrial reality is. More interactions and communication may be needed to narrow the gap between providers and the industry. These two parties should collaborate side by side through forums, symposia, and conferences. It is important to build effective bridges between education and industry because education is the foundation of the nation and it ultimately determines the level of industrial development.

One of the interviewees is planning to take constructive action to bridge this gap.

They would like to raise education providers and students' awareness that hospitality will be one of the key industries in Taiwan's economy. People's views and mindsets need to be changed as industrial structures change globally. The service industry is no longer a low level career; instead, it accounts for the majority of economic activity and tremendous opportunities are provided for people to develop in their career planning. A solid grounding in the hotel industry provides students with an excellent basis for a long-term career in hospitality, tourism and events management more generally. The shortage of appropriate people is in itself a reminder that this can be a longer-term career path.

9.3.4. The positioning of the HRM function

After conducting the in-depth interviews with the participating hotels, the researcher found a significant and common problem in hotel management in Taiwan: HRM as a function is not valued by top management. For example, human resource managers can perceive training and development as being highly important in the hotel industry; however, their proprietors often do not have the same view and still regard these activities as a cost. Human resource managers have a limited voice or involvement in decision-making. It seems that their role is seen as being to follow the policy which has been already set by top management, rather than being an active voice or leader in the organisation's thinking. It is unusual for HRM to have a seat at board level or to play a key role in creating and sustaining competitive advantages for the organisation.

Yet some human resource managers have received higher education in business administration or in a hospitality management related field. One interviewee in

this study is pursuing a doctoral degree with a focus on human resource management. Some of those interviewed had innovative thoughts and creative ideas but are frustrated that their thoughts or suggestions are not valued or supported by top management. They are not able to introduce more sophisticated training and development programs because limited budgets are given from their proprietors.

A related problem is that nepotism is pervasive in Chinese culture and stands in the way of HRM being valued and recognised as a profession in its own right. After surveying the effects of nepotism on HRM in the hotel industry in Northern Cyprus, Arasli et al. (2006) argued that nepotism has a significant negative influence on HRM, particularly when nepotism is experienced as unfair and when HRM practices cannot work independently. Although nepotism is an inevitable result of the current culture values in Taiwan, hotel proprietors need to be aware that HRM must be managed and operated professionally and strategically in order to keep up with the changes in the global environment.

The situation is not helped by the fact that many hotel entrepreneurs are from the construction industry, which is more product-oriented. Physical resources, such as land and building, are their operational focus. While hotels are operating in a labour-intensive industry and its operational focus must be customer service, it seems that these proprietors do not realise that the hotel and construction industries have significant differences in terms of their strategic nature and characteristics. This may be one of the reasons that these proprietors focus on physical environment and amenity renovation more than employee training and

development investment.

Both human resource management and hospitality management have been more highly developed in western countries. Taiwanese hotel proprietors could do well to have much more communication and exchange opportunities with western hotel groups, and learn specific operation and management practices from them, particularly the way of human resources cultivation. They may have chances to open up their international views and gain knowledge from prestigious hotel groups with successful experiences. The hospitality industry in Taiwan is competing in the global market. Hoteliers should be aware of the trends of global service development and take constructive action to cope with future changes and challenges.

Hotel proprietors are most particularly advised to hire people who have received higher education in related fields to take on HRM positions. They are also advised to have more communications with their human resource managers and trust their professional expertise. The HRM function is no longer one of traditional personnel administration; instead, it must be strategic and proactive in dealing with complicated HRM issues.

Besides the human resource management issues confronting the hotel industry, one environmental factor - the rise of China - is identified as a crucial element in the context of Taiwan. Mainland China has sufficient lands and cheap labour which produce fruitful opportunities for business investment. However, this magnet effect causes an industrial hollowing-out crisis for many Asian countries.

Taiwan is continuing to suffer from the brain drain because talented people migrate to China for better alternatives. It is not possible to forbid this trend since people have the right of mobility. Industry-government-academia collaboration is imperative. They need to work side by side and consider how to keep talented people in Taiwan. It is highly important since the skills of the workforce ultimately determine the level of national development.

The General Manager of the Grand Hyatt Taipei, Shaun Treacy, was responsible for the new establishment and opening of the Hyatt in Shanghai, China (Bartholomew 2004). When asked about any negative impacts to the hotel industry in Taiwan with the rise of China, he responded that China will possess a strong economic advantage in the coming years, but that there is still a good potential opportunity for Taiwan to create a new road for further economic development. Taiwan should not underestimate its capacity, having successfully maintained economic advantages through significant economic and political transformations in the past decades. Treacy further said that the development of top level hotel facilities needs to be accompanied by mature of social and cultural development, because high levels of physical facilities bring an expectation of practised and skilful service, and that China still has a long way to go in this respect.

The development of a nation is generated from a whole of dynamics. Economic incentives alone, such as sufficient lands and cheap labour, cannot lead China to become a developed country. Taiwan does possess some advantages in social development that are superior to China, including infrastructure, standard of living,

educational level, medical resources, openness to financing, and a democratic political system. Taiwan should take constructive action to make use of and strengthen these advantages. The government should offer incentives for enterprises to invest. A desirable business environment not only contains strong local entrepreneurs but also attracts foreign direct investment that ultimately creates employment opportunities and retains talented people in Taiwan. This is a challenging goal and one that has implications for more than just the hotel industry in Taiwan.

9.4. Strengths and limitations of the study

This study was intended to generate data and insights that are relevant to the hotel industry in Taiwan. However, there are some limitations regarding the generalisation of the results presented here. The study was limited to the most senior managers responsible for human resource management. Many researchers in the HRM field rely heavily on a management perspective in response to current practices and business performance rather than direct observation (Nickson et al. 2000). The integration of the views of all levels of staff and customers would provide a better range of responses and give a more balanced analysis. In addition, the fact that the respondents were not executives meant that the perspectives of that group have not been represented here, an important gap given the assumptions that some respondents made about the priorities and views of top management and owners.

The target of this research was international chain hotels and domestic chain hotels, which total 46 establishments in Taiwan. This research sample covered

14 hotels, representing 30.43 per cent of the total population of such hotels. This is a good sample and the data and findings can reasonably be expected to provide a sound guide to thinking and practice across the chain hotels. However, chain hotels represent a larger scale of operation and so these results should not be generalised to smaller hotels. These are normally family-owned business and previous research suggests that HRM is not as well developed – or even recognised – in that context (Hoque 1999a). So the results of this study cannot be viewed as representative of the hotel industry as a whole.

The major strengths of this study are that it adds contemporary data to a research literature which is scarce. As pointed out at the start of the thesis, there have only been three unpublished Master's theses conducted on HRM in the hotel industry in Taiwan (Gan 1992; Li 2004; Wen 2005), and one further published project (Wu and Chen 2002). These studies have been single focus studies, and at least two of them cannot be accessed, for varying reasons. By focusing on HRM thinking at a bigger picture or more strategic level, as well as asking questions about the way specific practices are understood and deployed, this study has filled a substantial gap in knowledge about the state of the industry. Its literature review is unique, in trying to place the HRM issues of Taiwan's hotel industry in the context of HRM practice in the region, and in the hotel industry globally.

Finally, by using a qualitative approach, it has not only offered a different approach to local research, but has enabled a more complete picture of the thinking of respondents to emerge. By putting specific answers to questions

about practice in the broader context of the respondents' overall perception, it has allowed some conclusions to be drawn which might not otherwise be so apparent. Most notable, in this respect, is the conclusion that certain aspects of the industry are accepted as 'facts of life' and that innovative thinking about proactive practice is not as common as the challenges of the industry now require.

9.5. Recommendations for future research

Qualitative research uses the human-as-an-instrument for the data collection and analysis. Its exploratory and descriptive nature provides insight into the perceptions and ideas that are in the minds of people, and which can be usefully compared with practice. However, qualitative research is relatively rare, both in the field of hospitality generally and certainly in the context of research into industry in Taiwan. This study illustrated the advantages of qualitative research while illustrating some of the challenges – most notably the refusal rate at the outset, because potential respondents wanted something quick and easy, and were suspicious of in-depth interviews. While that has meant that some potential data has been lost, the real gain has been in the opportunity to notice first hand the discomfort that respondents had with some of the question about strategy and competitive advantage – a discomfort that in itself constitutes critical data in the context of this study.

The migration of manufacturing industries to China and the burgeoning of the service-oriented industries in Taiwan are two good reasons for encouraging future research in the service sectors generally. The methodology used in this study may be applied to labour-intensive customer service sectors other than the hotel

industry. This research hopefully has provided some data against which such further studies can be compared.

Future research focusing on human resource management in the hotel industry specifically could examine differences between international chain hotels and domestic chain hotels, or between hotels that are company-owned, franchised, or operated under management contract. As indicated in the previous sections, studies which include observation of practice at all levels of the organisation would be helpful and fill an important gap in the existing literature. Even interviewing non-managerial staff and customers would be a useful contribution. In any event, it is hoped that this research can be reported to industry, government and academics in ways which stimulate developments of practice informed by scholarship from Taiwan and abroad.

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Appendix 1

Invitation Letter



XX December, 2005

Dear XXXXXXXXXXXX,

My name is Hui-O Yang and I am studying a Doctor of Business Administration program at Swinburne University of Technology, Melbourne, Australia. I am writing to seek your participation in a research project titled “Human Resource Management in the hotel industry in Taiwan” for my doctoral thesis. This is an academic project designed to investigate the contemporary human resource management issues in the hotel industry in Taiwan.

The importance of the tourism industry in Taiwan has been publicly recognised. In 2002, Taiwan’s Executive Yuan proposed a plan named “Challenge 2008-National Development Plan”. There are ten key individual plans and one of these plans is “Doubling Tourist Arrivals Plan”. The objective of this plan is to develop Taiwan into a prime tourist destination, with the goal of increasing the annual number of international visitor arrivals to five million within six years. There are many different sectors included in the tourism industry and one of these is hotel industry, which is the main target for this research.

The research investigates contemporary human resource management issues in the hotel industry in Taiwan. The themes to be explored include the human resource management issues which you identify as being of concern; the perspectives and philosophy you possess; the specific strategies and practices you employ; and the further developments you are planning for the future. It also seeks your views about the hotel industry in Taiwan and in the Region more generally. A copy of the interview and survey questions I will be asking is attached (Appendix 2&3).

Australian Graduate School
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<http://www.swin.edu.au>

I would like to interview the person in your organisation who is best placed to discuss the strategic human resource management issues in your company and across the industry generally. A short plain language introduction to this research is attached. I will be returning to Taiwan in December 2005 and will contact you for an appointment to conduct a personal interview, which is expected to take one and a half hours. I would like to tape record the interviews but if you would prefer not to be taped, written notes will be taken instead.

Your participation is very important to the success of the research. All the information gleaned from the interview and survey data will be treated as strictly confidential. My research design does not involve identifying either specific individual or specific organisation. All data will be assigned numeric identifiers which will be known only to me and my supervisor. All retained notes and material will identify you only in coded form. The data will be retained anonymously to ensure that no unauthorised person can identify or interpret an organisation's return.

I am willing to provide the participating companies with a report of the major research findings on completing this study. You will be able to compare your own perspectives and opinions with the aggregated and anonymous data of the others in this study.

If you are willing to participate in this study, I would be very grateful to arrange an interview time in the coming weeks. I would need your written consent to participate. The consent form is attached (Appendix 4), and you will note that it also authorises me to attend at your premises for the interviews. I would appreciate your signing this consent and returning it to me before the interview. You should understand that you would be free to withdraw from the study at any time, but I hope it would be sufficiently interesting and useful to you that this does not arise.

If you have any questions or require any further information, please do not hesitate to contact me on +886 7 235 3419 (Email:deniseyang@yahoo.com) or Professor Nita Cherry on +61 3 9214 5901 (Email:ncherry@swin.edu.au). Additionally, should you

have any complaint regarding the treatment during or after the study or the unsatisfied performance of the investigator can be directed to:

The Chair
Human Resource Ethics Committee
Swinburne University of Technology
PO Box 218
Hawthorn, VIC, 3122
Australia
Phone: +61 3 9214 5223

or Associate Professor Linda Brennan as Chair of the Faculty's Human Research Ethics sub-committee.

I look forward to meeting with you soon, and hope you will agree to participate in this research.

Yours sincerely,

Hui-O Yang
DBA candidate
Swinburne University of Technology

貴飯店人力資源部主管 您好:

請容我先自我介紹，我是楊惠娥，目前就讀於澳洲斯威本國立科技大學企業管理博士班。我們誠摯地邀請您參與“台灣旅館業人力資源管理現況”之研究，以作為博士畢業論文之用。本學術研究，旨在探討當今旅館業人力資源管理所重視之課題。

觀光業的重要性已普遍受到肯定，尤其是對一個地理上形成孤立及資源上受到限制的島國而言。台灣具有特殊的地理風景及多元文化，對於發展觀光及其經濟上的貢獻有莫大的潛力。在 2002 年，行政院提出『挑戰 2008-國家發展重點計劃』，有十項計劃包含在內，其中之一為『觀光客倍增計劃』，該計畫主要目標是發展台灣成為主要的觀光地點，並以六年內每年來台旅客逐漸達到五百萬人次為目標。旅館業是包含在觀光業許多層面中之一環，本研究將以台灣旅館業為主要探討對象。

旅館業是一個勞力密集且以顧客服務為主之產業，“人”是整個旅館營運的基本要素，在一個以人為主的產業裡，人力資源管理的重要性是再強調也不為過的。如何有效地應用人力資源管理，創造優質的顧客服務文化，進而達到競爭優勢，更是業界先進所共同努力的目標。因此，本研究將探討當今台灣旅館業人力資源管理所重視之課題，探討的主題包括旅館業所關心的人力資源管理課題、所持

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有的觀點及看法、所運用的策略及措施、及對未來發展的規劃。本研究所要訪談的問題及問卷已隨函附上(附件二&三)。受訪者的人選，建議是對貴公司及整體旅館業最熟悉策略性人力資源管理之資深主管。在您收到本邀請函之後，將去電詢問並安排個別訪談時間，訪談時間約需一至一個半小時，並且錄音；倘若您不願意被錄音，則以筆錄方式代替。

旅館業對台灣的重要性已普遍受到肯定。本研究更進一步激發當今台灣旅館業人力資源管理課題之思考。您的參與對本研究具有重大的意義，所有從訪談及問卷中獲得之資料，將列為絕對機密。本研究之設計將無法識別出特定之個人或公司，所有資料將匿名並以代碼方式呈現，只有研究者及其指導教授知悉個別內容，未被授權之第三者無法識別出參與者之身分。待本研究完成後，我們將樂意提供研究成果給參與之旅館，您將有機會了解並比較您與其他匿名旅館不同之觀點和意見。

倘若您願意參與本研究，數日後將去電安排訪談時間，並請您簽署『受訪同意書』，同意書已隨函附上(附件四)，其內容是授權本人因研究目的到貴公司進行訪談，敬請在訪談當天，將『受訪同意書』填妥。倘若您對本研究有任何疑問，或欲知更多研究詳情，歡迎您隨時與研究者聯繫：

楊惠娥 (07)235 3419, (Email: deniseyang@yahoo.com) 或
Professor Nita Cherry, +61 3 9214 5901(Email:ncherry@swin.edu.au) 。

倘若在研究調查過程之中或之後，您有感受到任何的不愉快，可以直接向人權研究倫理委員會反應:

The Chair
Human Research Ethics Committee
Swinburne University of Technology
PO Box 218
Hawthorn, VIC 3122
Australia
Phone: +61 3 9214 5223

最後，期待您的參與!!

楊惠娥
博士班候選人
澳洲斯威本國立科技大學
2005-12-23

Appendix 2

Interview Questions

Interview Questions

1. In your opinion, what are the main human resource management issues confronting the hotel industry in Taiwan now, and for the foreseeable future?
2. What are the main human resource management issues that are most front-of-mind for your own hotel at the moment?
3. What do you think are the drivers or the causes of these human resource management issues?
4. Are there any things that you particularly focus on in managing your people, things you think are particularly important? What specific strategies are you using?
5. From your perspective, what are the key human resource management activities that increase organizational effectiveness?
6. To what extent can the human resource management practices of your organization help to create and sustain your competitive advantage?
7. What sort of people, in terms of numbers, skills, and capabilities, do you need in the future?
8. What type of formal human resource management policies and practices do you need to support your business strategy?
9. What is your overall philosophy about managing employees in a customer service culture?
10. Do you have any plans for further developing your human resource activities in the future?
11. Are there any other comments you would like to provide regarding the subjects covered in this interview?

訪談問題

1. 根據您的看法，在目前以及在可預見的未來，台灣旅館業所面臨之主要人力資源管理議題，分別有哪些？
2. 請問貴公司有什麼樣的人力資源管理議題是您當前面臨到的？
3. 您認為是什麼樣的原因促使或導致這些人力資源管理議題的產生？
4. 您在管理員工時，有哪些事情是您覺得重要而特別強調的？請問您運用了哪些策略？
5. 從您的觀點，哪些主要的人力資源管理實務可以提高組織成效？
6. 貴公司的人力資源管理實務，在創造及維持競爭優勢方面，提供了什麼程度的助益？
7. 考量數目、技能、才能各方面，請問什麼樣的員工是你未來需要的？
8. 爲了能夠支持貴公司策略，請問您需要什麼樣的人力資源管理策略或實務來配合？
9. 在顧客服務文化的產業裡管理員工，請問您整體性的觀念爲何？
10. 請問您未來是否有任何更進一步發展人力資源管理實務的計畫？
11. 請問您是否有任何與本次訪談主題相關的意見要補充？

Appendix 3

Survey of HRM Practices

Survey of HRM Practices

● Recruitment

1. Does your company have a recruitment plan?

Yes

No

If yes, please describe what the key strategies are or issues it addresses.

2. What kind of external recruitment sources are used?

Advertising on newspaper

Internet

Referral

Direct recruiting

Employment agencies

Others _____

3. Which external recruitment source is the most favorable?

(Please select one only)

Advertising on newspaper

Internet

Referral

Direct recruiting

Employment agencies

Others _____

4. Has recruitment effectiveness been evaluated?

Yes

No

● **Selection**

5. Are interviews used for selection?

Yes

No

6. Is testing used for selection?

Yes

No

7. Is reference checking used for selection?

Yes

No

8. Does your company use different selection tools at managerial level and operative level?

Yes

No

If yes, please indicate the differences.

--

● **Orientation**

9. Does your company offer orientation program for new employees?

Yes

No

10. Who conducts the orientation program?

Human resources department

Department manager

Immediate supervisor

Employees

Others _____

11. Is employee handbook provided?

Yes

No

● **Training and Development**

12. Does your company have a training plan which includes training needs, goals, and objectives?

Yes

No

If yes, please describe the content.

13. Is it compulsory for employees to attend training programs?

Yes

No

14. Are newly acquired knowledge and skills through training evaluated in the performance appraisal systems?

Yes

No

● **Performance Appraisal**

15. Is performance appraisal conducted periodically?

Yes

No

16. Are performance appraisal purposes, schedule and dimensions clearly communicated with employees?

Yes

No

17. What are the top three important purposes of performance appraisal practices?

(Please select three only)

- Determine appropriate pay
- Plan training programs for employees
- Recognize employees for works done well
- Evaluate employees' goal achievement
- Identify employees' strengths and weaknesses
- Determine employees' promotability
- Others _____

18. Is appraisal interview conducted?

- Yes
- No

19. Any follow-up conducted after performance appraisal to confirm improvement?

- Yes
- No

20. Does your company offer any incentive program for performance or retention?

- Yes
- No

If yes, please detail the content.

21. Do you have any difficulties or constraints in doing performance appraisal?

- Yes
- No

If yes, please indicate it.

● **Overall**

22. Had your company even conducted an Employee Attitude Survey?

Yes

No

If yes, please describe why and how to conduct the survey and what is the result?

23. What turnover rate has your company had in the last years?

0%-5%

6%-10%

11%-15%

16%-20%

21%-25%

26%-30%

31% and above

24. Have exit interviews been conducted?

Yes

No

25. What is the most reason for individual's turnover? (***Please select one only***)

Dissatisfaction with work

Alternatives, eg: new job, returning to school, starting own business etc.

External factors, eg: housing, transportation etc.

Organization initiated, eg: layoff, end of temporary employment etc.

Personal factors, eg: personal illness, personal injury, pregnancy etc.

Unclear

Others _____

● **General Information of the Hotel**

1. When was your company founded?

2. Which best describes your company operation pattern?
 - Domestic company-owned Chain
 - Domestic chain with a franchise agreement
 - International Chain with a management contract
 - International Chain with a franchise agreement
 - Others _____

3. What is the total number of employees in the Human Resource Management Department?
 - 1-3
 - 4-6
 - 7-9
 - 10 and above

4. Numbers of employees:
 - Full time _____ people or _____ %
 - Part time _____ people or _____ %

5. Gender of employees:
 - Female _____ people or _____ %
 - Male _____ people or _____ %

6. Age of employees:
 - 19 and below _____ people or _____ %
 - 20-29 _____ people or _____ %
 - 30-39 _____ people or _____ %
 - 40-49 _____ people or _____ %
 - 50-59 _____ people or _____ %
 - 60 and above _____ people or _____ %

7. Educational level of employees:

High School/Vocational School	_____	people or	_____	%
Junior college/Associate	_____	people or	_____	%
Bachelor degree	_____	people or	_____	%
Master degree	_____	people or	_____	%
Doctorate degree	_____	people or	_____	%
Others	_____	people or	_____	%

8. Educational Field of employees:

Hospitality Management	_____	people or	_____	%
Tourism or Leisure Management	_____	people or	_____	%
Others	_____	people or	_____	%

Thank you very much for your participation!

人力資源管理實務問卷調查

● 招募

1. 請問貴飯店是否有招募計劃?

是

否

如果是，請敘述該招募計畫中主要有哪些策略。

2. 請問使用哪些招募管道?

在報紙上徵才

在飯店網頁上徵才

內部介紹、推薦

直接招募，如校園徵才、就業博覽會

人力銀行

其他_____

3. 請問是否評估過哪一個招募管道成效最好?(單選)

在報紙上徵才

在飯店網頁上徵才

內部介紹、推薦

直接招募，如校園徵才、就業博覽會

人力銀行

其他_____

4. 請問是否評估過招募成效?

是

否

● 遴選

5. 請問是否利用面談來做遴選?

是

否

6. 請問是否利用測驗來做遴選?

是

否

7. 請問是否調查過去工作紀錄來做遴選?

是

否

8. 請問貴飯店在遴選管理單位及營業單位時，是否使用不同的遴選工具?

是

否

如果是，請解釋不同之處。

--

● 新進人員導覽

9. 請問貴飯店是否提供新進人員導覽?

是

否

10. 新進人員導覽工作由誰負責?

人力資源部

部門主管

直屬主管

同儕員工

其他_____

11. 請問是否提供員工手冊?

是

否

● **訓練與發展**

12. 請問貴飯店是否有訓練計畫，包括訓練需求、目的及目標?

是

否

如果是，請描述其內容。

--

13. 請問員工參與訓練課程是必須的嗎?

是

否

14. 請問經由訓練所獲得的知識和技能，是否列入績效評估系統中?

是

否

● **績效考核**

15. 請問是否定期做績效考核?

是

否

16. 請問是否將績效考核的目的、時間表及考核項目與員工溝通清楚?

是

否

17. 請問最重要的三個績效考核的目的為何?(請勾選三項)

- 決定適當的薪資
- 為員工計畫訓練課程
- 肯定員工將工作完成
- 評估員工目標的達成
- 發現員工的優點與缺點
- 決定員工晉升的能力
- 其他_____

18. 請問績效考核之後，是否實施面談?

- 是
- 否

19. 請問績效考核之後，是否有做任何後續追蹤，以確認有所改善?

- 是
- 否

20. 請問貴飯店是否為了員工的績效或留任，而給予任何動機或誘因?

- 是
- 否

如果是，請說明其內容。

21. 在實施績效考核時，是否面臨任何困難或限制?

- 是
- 否

如果是，請說明。

● **整體性**

22. 請問貴飯店是否實施員工意見或態度調查?

是

否

如果是，請說明實施的原因、方法及其結果。

23. 請問貴飯店過去一年的流動率是多少?

0%-5%

6%-10%

11%-15%

16%-20%

21%-25%

26%-30%

31% 含以上

24. 請問貴飯店員工離職時是否有個別面談?

是

否

25. 請問員工離職最主要的原因為何?(單選)

對工作不滿意

有其他選擇機會，例如：新工作、進修、自行創業等。

外部因素，例如：搬家、交通因素等。

公司因素，例如：資遣、短期僱用等。

個人因素，例如：生病、受傷、懷孕等。

不清楚

其他_____

● 貴飯店背景資料

1. 貴飯店創立時間?

2. 貴飯店屬於以下哪一類經營型態?

- 國內直營連鎖
- 國內加盟連鎖
- 國際連鎖---管理契約
- 國際連鎖---特許加盟
- 其他_____

3. 貴飯店從事人力資源管理(包括人事行政、教育訓練)的員工人數共有幾人?

- 1-3 人
- 4-6 人
- 7-9 人
- 10 人含以上

4. 員工人數:

全職員工 _____人或_____ %
兼職或臨時工 _____人或_____ %

5. 員工性別:

女性 _____人或_____ %
男性 _____人或_____ %

6. 員工年齡:

19 歲含以下 _____人或_____ %
20-29 歲 _____人或_____ %
30-39 歲 _____人或_____ %
40-49 歲 _____人或_____ %
50-59 歲 _____人或_____ %
60 歲含以上 _____人或_____ %

7. 員工教育水準:

國中及以下	_____人或_____	____%
高中職	_____人或_____	____%
專科	_____人或_____	____%
大學	_____人或_____	____%
碩士及以上	_____人或_____	____%

8. 員工教育背景

餐飲、旅館管理	_____人或_____	____%
觀光、休閒管理	_____人或_____	____%
其他	_____人或_____	____%

感謝您的參與!

Appendix 4

Agreement Form

AGREEMENT

I, _____, have read and understood the information provided for the “**Human Resource Management in the Hotel Industry in Taiwan**” project. Any questions I have asked have been answered to my satisfaction.

I agree to participate in this interview, realising that I may withdraw at any time.

I agree that the interview may be recorded on audio as data on the condition that no part of it is included in any presentation or public display.

I agree that research data collected for the study may be published or provided to other researchers on the condition that anonymity is preserved and that I cannot be identified.

I give permission for the researcher, Hui-O Yang, to have access to the premises of my own organisation for purposes of conducting the agreed interviews.

Name of participant: _____
Signature: _____ Date: _____

Name of investigator: Nita Cherry
Signature: _____ Date: _____

Name of investigator: Hui-O Yang
Signature: _____ Date: _____

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<http://www.swin.edu.au>

受訪同意書

本人_____已閱讀並了解“台灣旅館業之人力資源管理”研究相關資訊，任何疑問都已經得到滿意的解答。我同意參與這項訪談，且在訪談時錄音，但以錄音內容不會被公開為前提；我同意研究所得結果日後可能被發表，或被其他研究者取得，但以匿名保護且我的身分不會被識別出為前提；我同意並允許 楊惠娥 以研究為目的到本公司進行訪談。

參與者姓名:_____

簽章:_____日期:_____

研究者姓名: Nita Cherry

簽章:_____日期:_____

研究者姓名: 楊惠娥

簽章:_____日期:_____

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Appendix 5

HRM Practices Survey Findings

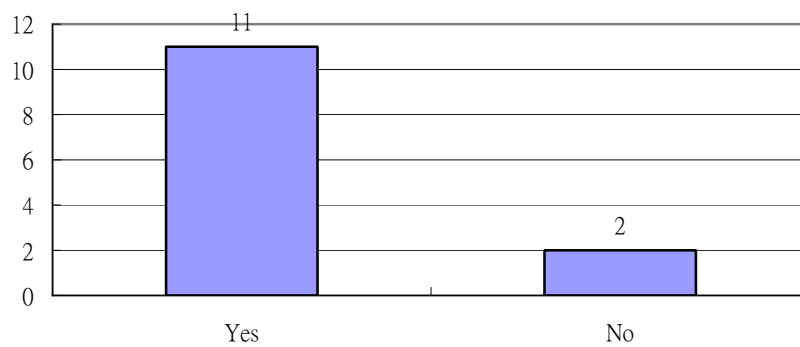
HRM Practices Survey Findings

● Recruitment

1. Does your company have a recruitment plan?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 9, 11, 13, 14)

No (Hotel 8, 12)



2. What kind of external recruitment sources are used?

Advertising on newspaper (Hotel 2, 3, 5, 6, 7, 9, 10, 12)

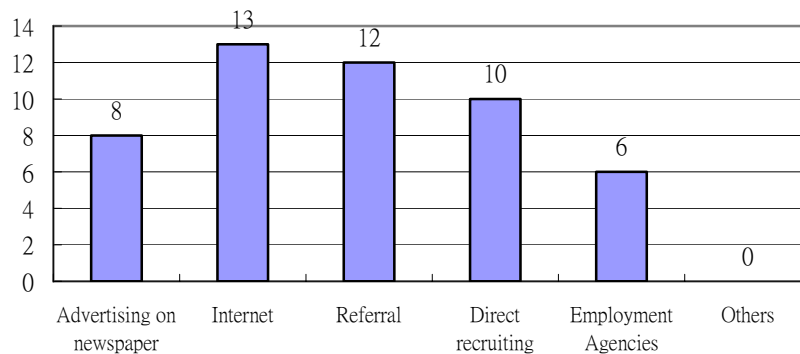
Internet (Hotel 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14)

Referral (Hotel 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14)

Direct recruiting (Hotel 2, 4, 5, 6, 7, 9, 10, 11, 12, 13)

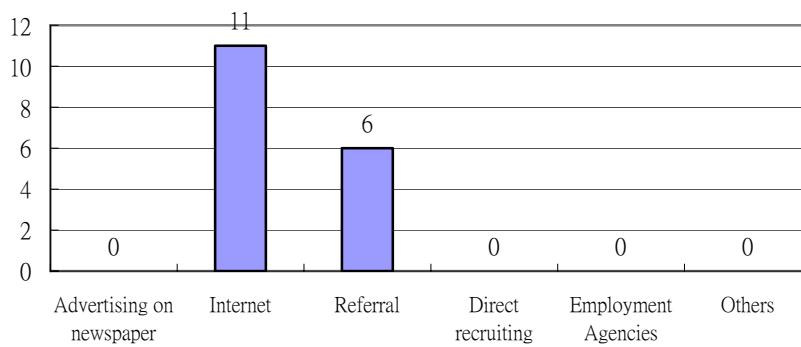
Employment agencies (Hotel 1, 2, 4, 5, 6, 7)

Others (none)



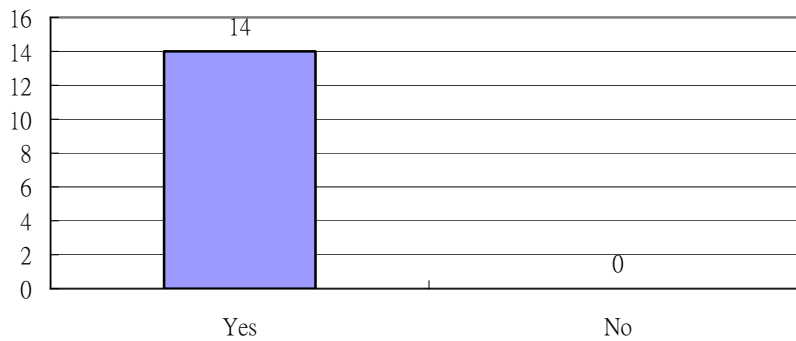
3. Which external recruitment source is the most favourable?
(Please select one only)

- Advertising on newspaper (none)
- Internet (Hotel 1, 2, 3, 4, 5, 7, 9, 11, 12, 13, 14)
- Referral (Hotel 4, 5, 6, 8, 10, 12)
- Direct recruiting (none)
- Employment agencies (none)
- Others (none)



4. Has recruitment effectiveness been evaluated?

- Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)
- No (none)

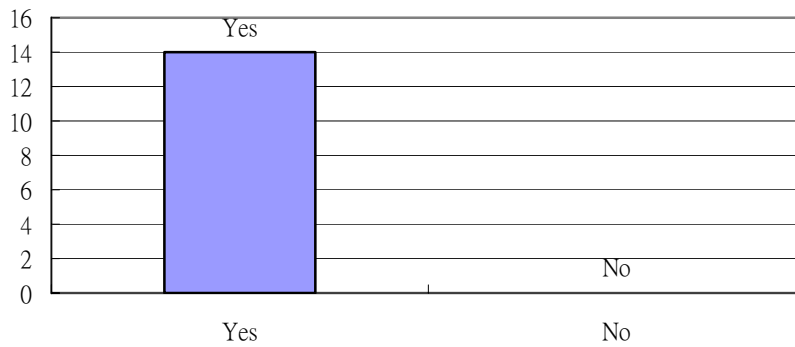


● **Selection**

5. Are interviews used for selection?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

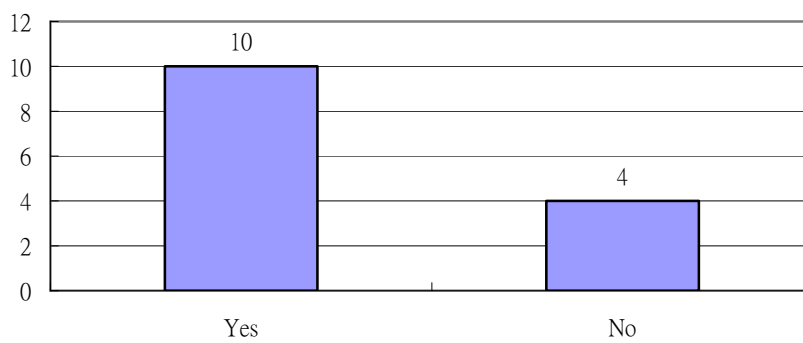
No (none)



6. Is testing used for selection?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 10, 12)

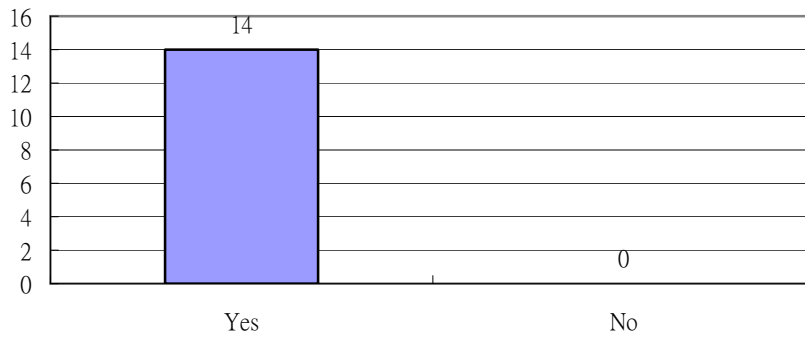
No (Hotel 9, 11, 13, 14)



7. Is reference checking used for selection?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

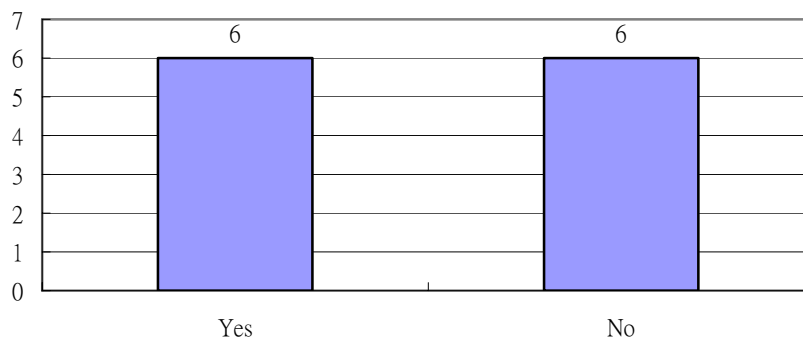
No (none)



8. Does your company use different selection tools at managerial level and operative level?

Yes (Hotel 1, 2, 6, 8, 12, 13)

No (Hotel 3, 4, 9, 10, 11, 14)

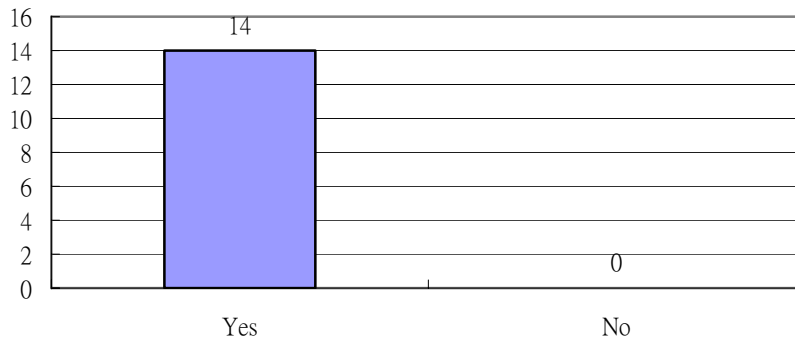


● **Orientation**

9. Does your company offer orientation program for new employees?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

No (none)



10. Who conducts the orientation program?

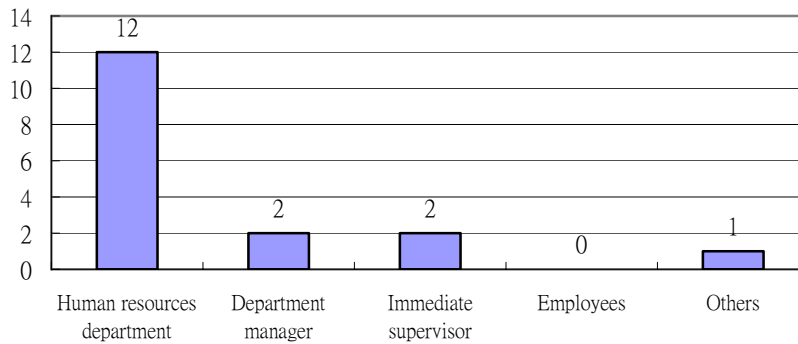
Human resources department (Hotel 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

Department manager (Hotel 4, 8)

Immediate supervisor (Hotel 2, 12)

Employees (none)

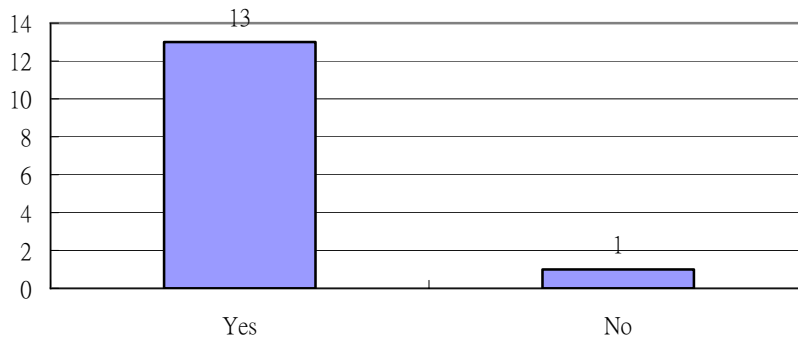
Others (Hotel 3)



11. Is employee handbook provided?

Yes (Hotel 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14)

No (Hotel 5)

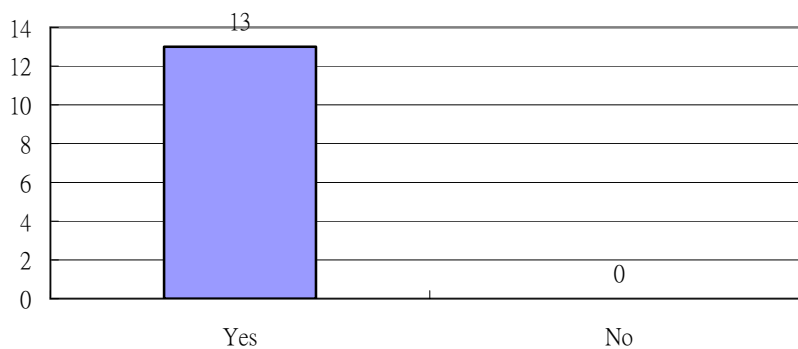


● **Training and Development**

12. Does your company have a training plan which includes training needs, goals, and objectives?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14)

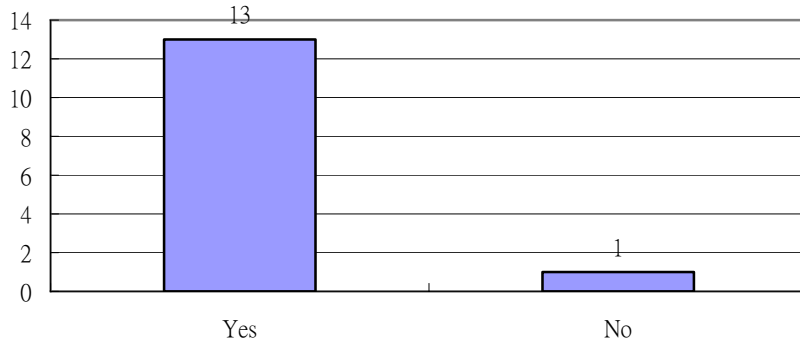
No (none)



13. Is it compulsory for employees to attend training programs?

Yes (Hotel 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

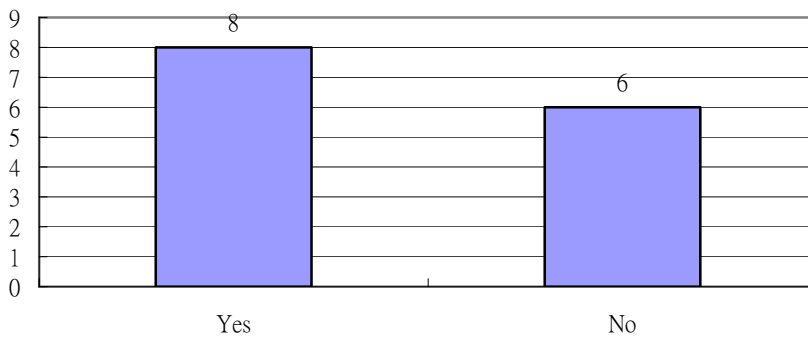
No (Hotel 3)



14. Are newly acquired knowledge and skills through training evaluated in the performance appraisal systems?

Yes (Hotel 1, 2, 7, 8, 10, 11, 12, 14)

No (Hotel 3, 4, 5, 6, 9, 13)

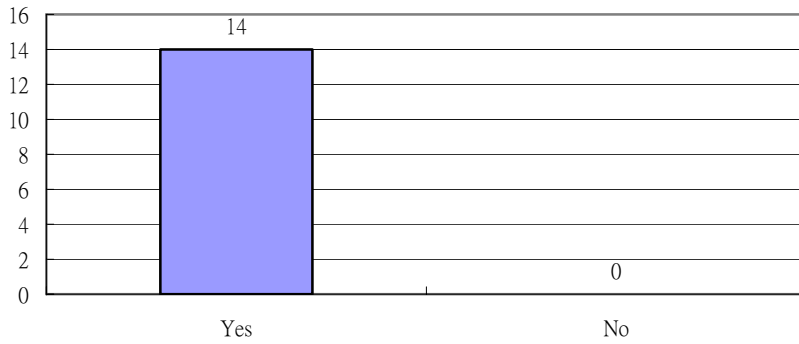


● **Performance Appraisal**

15. Is performance appraisal conducted periodically?

Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

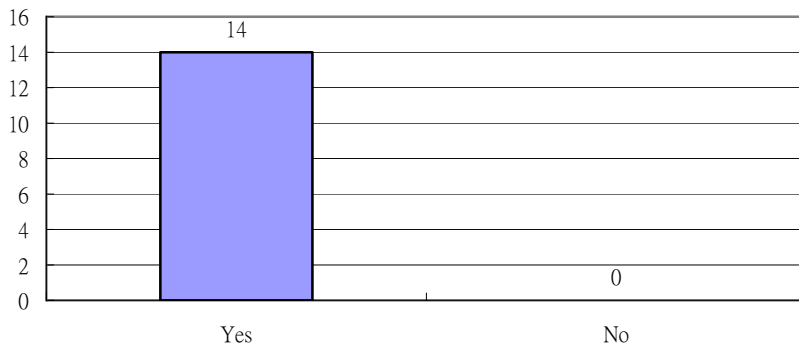
No (none)



16. Are performance appraisal purposes, schedule and dimensions clearly communicated with employees?

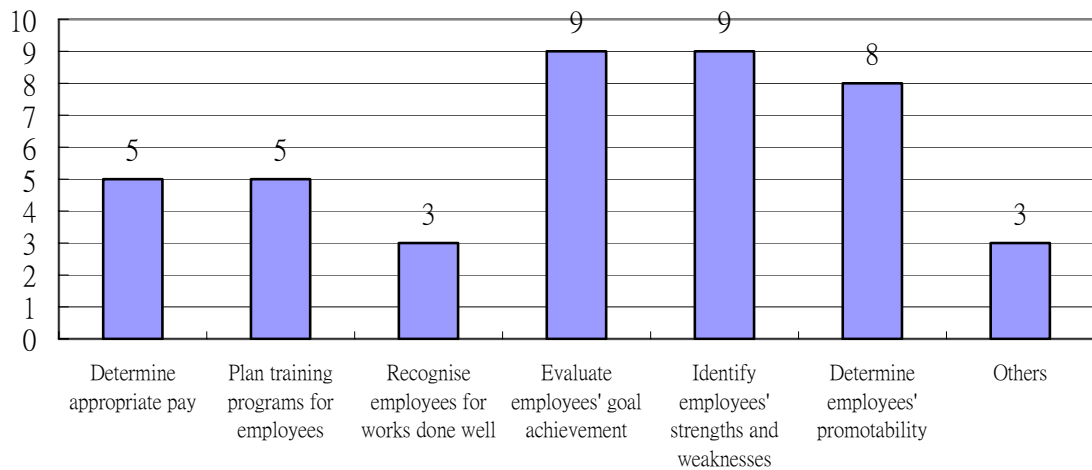
Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)

No (none)



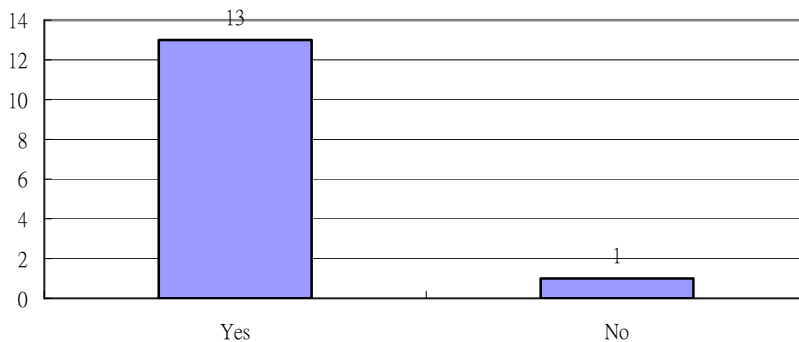
17. What are the top three important purposes of performance appraisal practices?
(Please select three only)

- Determine appropriate pay (Hotel 4, 6, 11, 12, 13)
- Plan training programs for employees (Hotel 2, 5, 6, 8, 12)
- Recognise employees for works done well (Hotel 3, 9, 12)
- Evaluate employees' goal achievement (Hotel 2, 3, 4, 7, 8, 9, 10, 12, 13)
- Identify employees' strengths and weaknesses (Hotel 1, 2, 6, 7, 8, 9, 10, 11, 12)
- Determine employees' promotability (Hotel 1, 3, 4, 5, 10, 11, 12, 13)
- Others (Hotel 1, 7, 14)



18. Is appraisal interview conducted?

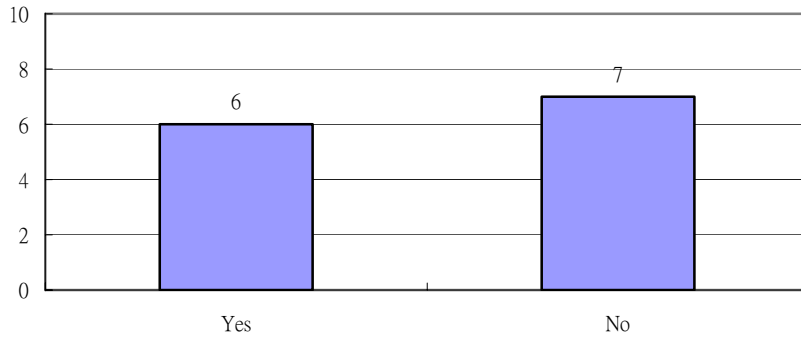
- Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14)
- No (Hotel 12)



19. Any follow-up conducted after performance appraisal to confirm improvement?

Yes (Hotel 1, 2, 5, 7, 8, 13)

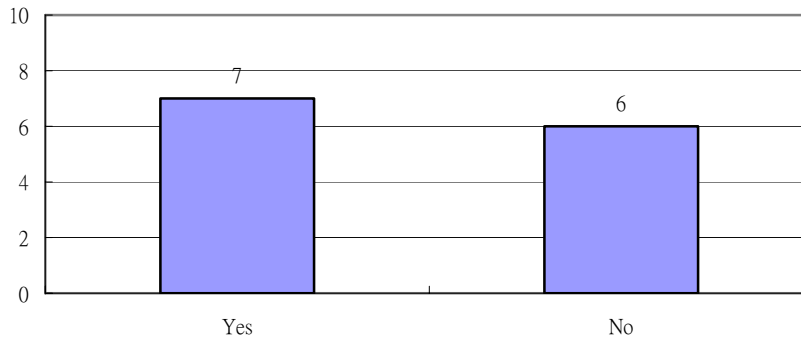
No (Hotel 3, 4, 6, 9, 10, 12, 14)



20. Does your company offer any incentive program for performance or retention?

Yes (Hotel 1, 2, 3, 9, 10, 11, 12)

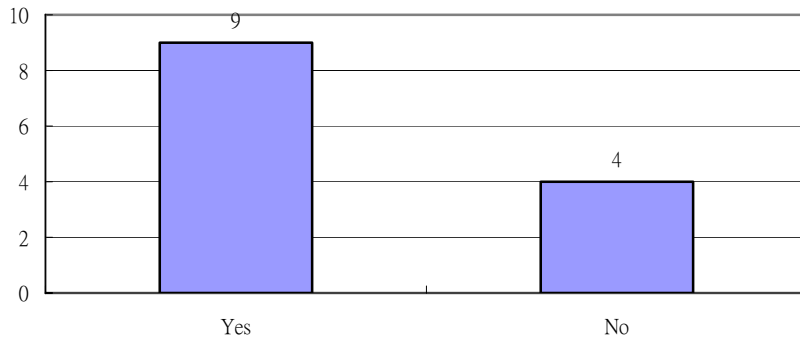
No (Hotel 4, 5, 6, 8, 13, 14)



21. Do you have any difficulties or constraints in doing performance appraisal?

Yes (Hotel 1, 2, 3, 4, 5, 6, 8, 9, 10)

No (Hotel 11, 12, 13, 14)

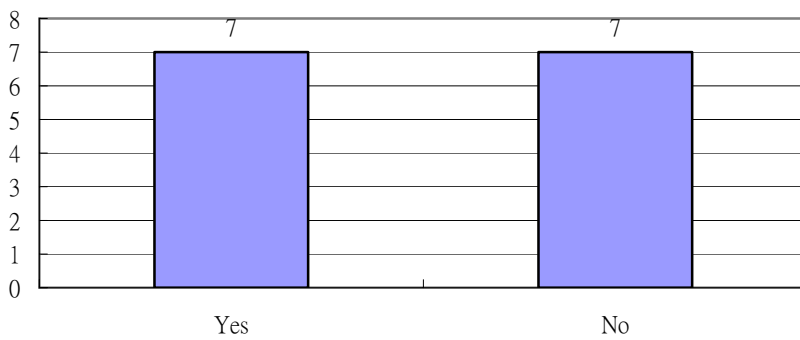


● **Overall**

22. Had your company even conducted an Employee Attitude Survey?

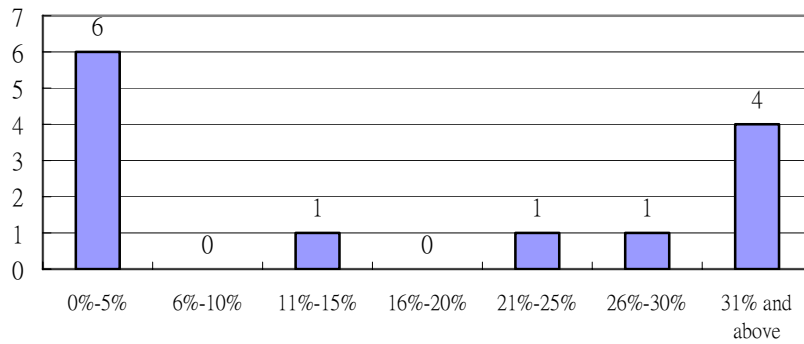
Yes (Hotel 2, 4, 6, 7, 8, 9, 12)

No (Hotel 1, 3, 5, 10, 11, 13, 14)



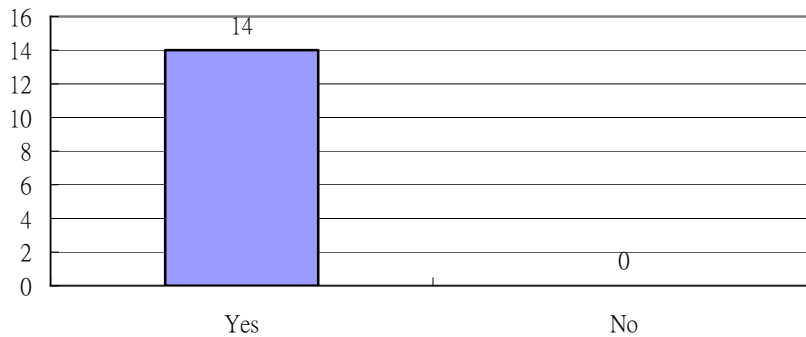
23. What turnover rate has your company had in the last years?

- 0%-5% (Hotel 1, 2, 5, 6, 8, 10)
- 6%-10% (none)
- 11%-15% (Hotel 11)
- 16%-20% (none)
- 21%-25% (Hotel 7)
- 26%-30% (Hotel 3)
- 31% and above (Hotel 4, 9, 12, 13)



24. Have exit interviews been conducted?

- Yes (Hotel 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)
- No (none)



25. What is the most reason for individual's turnover? (***Please select one only***)

- Dissatisfaction with work (Hotel 3, 9, 11, 13)
- Alternatives, eg: new job, returning to school, starting own business etc.
(Hotel 1, 2, 4, 5, 6, 7, 10, 12)
- External factors, eg: housing, transportation etc. (none)
- Organisation initiated, eg: layoff, end of temporary employment etc. (none)
- Personal factors, eg: personal illness, personal injury, pregnancy etc. (Hotel 8)
- Unclear (none)
- Others (Hotel 14)

