



The relationship between hotel employees' cross-cultural competency and team performance in multi-national hotel companies



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ABSTRACT

In this study, the authors explored the benefits of understanding employee cross-cultural competency and strengthening team performance, which are essential for improving the organizational effectiveness of multi-national hotel companies as they expand globally. Data were collected from six multi-national hotel companies in Thailand. A total of 738 valid questionnaires were obtained and analyzed using structural equation modeling to test the proposed relationships, in which cross-cultural competency was developed as determinant of multi-cultural team performance. The results indicate that cross-cultural competency had a positive, direct effect on team performance. The authors provide significant cross-cultural theoretical and practical management advice for stakeholders in the hospitality industry. In addition, the authors establish the foundation for future studies into cross-cultural competency and multi-cultural team performance in the context of Thai multi-national hotels.

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1. Introduction

A new form of organization is globally dominating the hotel sector (Go and Pine, 1995). The isolation of economic activities in individual countries has shifted toward worldwide integration. This emerging market activity demonstrates the accelerating process of globalization of international hospitality industry operations across borders (Briscoe et al., 2009). The expansion of multi-national hotel corporations (MHCs) has doubled the number of hotels over the last decade (ITB, 2012). MHCs are poised to play a major role in leading the sector, and thus, they are employing more people across the globe and setting the standard for the industry (Boardman and Barbato, 2008). This phenomenon constitutes an increasing interaction, interconnection, and integration of people, culture, corporations, and countries (Briscoe et al., 2009). As these development trends continue, human resource operations require significant changes in the management of the process of globalizing hospitality products and services for the worldwide market (Yu, 1999).

Multi-national hotels interact with many countries worldwide; the differences in the national culture (NC) among these various countries increase the flexibility in the values, beliefs, and behav-

ioral patterns of people (Briscoe et al., 2009). The global hospitality industry has a strong tradition of diversity in its workforce (Baum et al., 2007). As multi-cultural workforces become a major resource for international hospitality provision, human resource management (HRM) has become more difficult and complex (Watson et al., 2002). Chappel et al. (2002, p. 123) suggested that hospitality workers in this century must “understand, and be sensitive to, other cultures.” This behavior is influenced to some extent by the cultural norms of different societies as they have to interact with people from different cultural backgrounds. Organizations that can successfully implement global innovative business management practices for this type of workforce will gain a competitive advantage worldwide as multi-cultural workforces will become a major resource for international hospitality provision; (Yu, 1999).

Given the rapid development of MHCs across Thailand (IOM, 2011), managing multi-cultural team (MCT) has important consequences for strategic HRM when MCT members have diverse cultural backgrounds (Hong, 2010) or different nationalities (Earley and Gibson, 2002). Understanding MCTs is a critical issue for MHCs (Gibson and Zellmer-Bruhm, 2001) if they wish to meet the demands of high professional expertise in intercultural interactions in the global business environment (Serrie, 1992; Triandis and Singelis, 1998). Workforce diversity has elevated the value of effective cross-cultural competency (CCC) (Matveev and Nelson, 2004). CCC has become an essential component of hospitality and tourism practices (Nicolaidis, 2010), particularly in multi-national hotels where employees have to interact with guests and employees of

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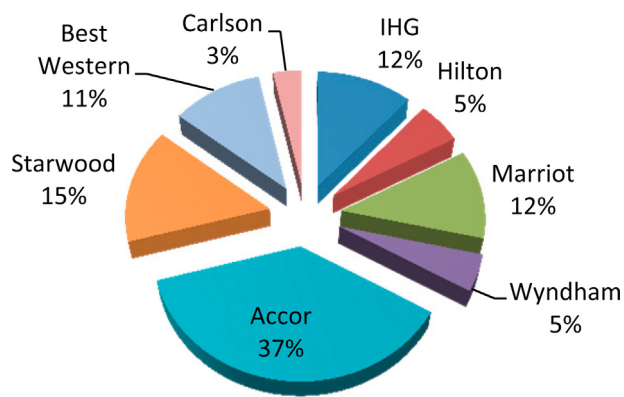


Fig. 1. Multi-national hotel chains in Thailand.

different cultures. The understanding of an individual's own culture and competency to work with others can increase the capability and enthusiasm of employees (Serrie, 1992). This understanding will allow the management of MHCs to develop more efficient MCTs (Halverson and Tirmizi, 2008; Hong, 2010).

Previous studies of CCC have investigated its relationship with international management in the context of Western countries, focusing on handling workplace diversity and cultural differences (e.g., Mendenhall et al., 2001; O'sullivan, 1999). However, there have been few studies examining the effect of CCC on MCTP in the Asian or hotel industry context. Southeast Asia is a major market for hospitality operation expansion (Meyer and Geary, 1993), making further studies in this area necessary. At the beginning of this century, a new travel market trend emerged in the Asia-Pacific region, with the fastest growing tourist destinations in the world and where the largest growth opportunities in the global hospitality industry are represented (UNWTO, 2012). These emerging markets attracted the attention of international hotel developers to invest more in the Asia-Pacific region. Thailand has been attracting the interest of hotel investment companies. According to UNWTO (2012), 6.9% of the total investment represented travel and tourism investment, and the investment should increase by 9.7% over the next decade.

Expansion efforts in Thailand were undertaken by the top major MHCs worldwide, namely, IHG, Hilton worldwide, Marriott International, Wyndham Hotel Group, Accor, Starwood Hotels and Resorts, Best Western, and Carlson Rezidor Hotel Group. Fig. 1 shows the proportion of MHCs operating across Thailand. This rapid expansion increases the opportunities for Thai employees working with more multinational employees in the future (IOM, 2011). Diverse and large numbers of mobile workers have migrated from different countries/regions. The top, or executive positions, are imported from the parent companies to carry out the traditional corporate practices of major MHCs (Wickramasekara, 2002). The executive expatriates are primarily from Europe, North America, Australia, and Japan, whereas migrant workers are primarily from the Mekong region who are attracted by the low level of skills required in hotel work (Chalamwong, 2007). The size of the mobile workforce is increasing constantly in the service sector (Chalamwong, 2001; IOM, 2011), and reflects the complexity of HRM in this century.

Thailand is representative of increased number of MHCs and multi-national workers and it is poised for the future to continue to be, a favored international tourism destination (Selwitz, 2000). In addition, existing studies have been limited in identifying the main drivers of hotel employee performance in MCTs, and the factors which affect MCTP. Thus, this study will address the following four research objectives:

1. Identify the cross-cultural competency necessary among Thai hotel employees to collaborate with multi-national and cross-cultural team members.
2. Identify the key factors affecting the multi-cultural team performance of hotel employees in multi-national hotel companies.
3. Examine the relationship between the cross-cultural competency of Thai hotel employees and their multi-cultural team performance.
4. Develop a conceptual framework for the development of multi-cultural team performance in MHCs.

2. Literature review

2.1. Cross-cultural competency

Competency refers to the ability of an individual to perform a required task effectively (Matveev and Nelson, 2004). Zimmermann (2010) noted that CCC can be defined as the capacities that are required for the achievement of mutual understanding, as well as for functional interaction and co-operation between people who have different cultural backgrounds. A standard definition for CCC cited in Barbara et al. (2009) is the ability to communicate effectively and appropriately in a variety of cultural contexts, with people who are different from oneself. The CCC proficiency of an individual can be enhanced by drawing on an appropriate inventory of knowledge, skills, and attributes in response to different cultural contexts (O'sullivan, 1999). Knowledge is required to understand the lifestyles, thought processes, experiences, and practices of others. Skills, including cross-cultural communication skills, are used to customize personal behavior to interact with others from diverse cultural backgrounds (Abbeet al., 2007; Thomas and Inkson, 2004). Attitudes are a combination of the thoughts, feelings, values, and assumptions that form an individual's culture and worldview. Cultural attitudes affect the way that individuals understand the worldview of members of different cultures (Vonk, 2001).

The performance outcome of CCC are behavioral adaptations that manifests themselves as an understanding of differences, communication, or effective interaction with people from different cultures, as well as integration across these differences (Iles, 1995; Johnson et al., 2006). These attributes are essential tools for individuals working in culturally diverse teams. They "allow group members to communicate more effectively with one another about their differences, to evaluate more accurately how their own behavior is affecting group processes, and to react in a more realistic and less judgmental way to the different attitudes and behaviors expressed by other group members" (Shaw and Barrett-Power, 1998; p. 1318). The major focus of this study is CCC in terms of the appropriateness (Koester et al., 1993) and effectiveness (Spitzberg, 1988) of the interactions between Thai hotel employees with national cultures.

Thailand is a country with a rich ethnic diversity and organized by cultural behavioral tendencies, including high power distance, collectivism, femininity, and high uncertainty avoidance (Hofstede et al., 2010). These cultures determine the way in which Thai interact with each other within their environment. National culture explains the behaviors and attitudes of people from different nationalities and countries. The values and characteristics shape and affect human thought and behavior, contributing to individual differences in behavior (You et al., 2000), thus, the exploration of a new culture should be concerned with the differences between the two. Hofstede et al. (2010) studies the cultural differences with emphasis on the value of work orientations, and offers another approach to understanding the range of cultural differences. People need to know and learn other culture to behave and act appropri-

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