



Strategic human resource management: Insights from the international hotel industry



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ABSTRACT

In the strategic human resource management (SHRM) field three approaches have dominated, namely, the universal or best-practice, best-fit or contingency and resource-based view (RBV). This study investigates evidence for the simultaneous or mixed adoption of these approaches by eight case study firms in the international hotel industry. Findings suggest there is considerable evidence of the combined use of the first two approaches but that the SHRM RBV approach was difficult to achieve by all companies. Overall, gaining differentiation through SHRM practices was found to be challenging due to specific industry forces. The study identifies that where companies derive some competitive advantage from their human resources and HRM practices they have closely aligned their managers' expertise with their corporate market entry mode expertise and developed some distinctive, complex and integrated HRM interventions, which have a mutually reinforcing effect.

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1. Introduction

SHRM has emerged as the prominent designation of people management over the past three decades (Boxall and Purcell, 2008; Thite et al., 2012; Zheng, 2013). With their own discernible perspectives, the universal or best practice, best-fit or contingency and the resource-based view (RBV) approaches (Boxall and Purcell, 2008; Pinnington, 2011) have dominated the field. Whilst empirical research has tended to explore SHRM from one of these specific approaches, more recent theoretical arguments have suggested that companies are unlikely to adhere solely to a singular approach due to the complexity of factors and forces acting upon firms, instead adopting these approaches simultaneously (Boxall and Purcell, 2008, 2011; Marler, 2012). Limited empirical exploration has taken place to explore firms' simultaneous adoption of these SHRM approaches to achieve competitive advantage through human resources (Boselie et al., 2009). Where research has been undertaken, findings have highlighted the importance of industry level analysis (Paauwe, 2009; Paauwe and Boselie, 2003) and called for further empirical work to explore how international firms within industries manage their human resources competitively.

This study responds to this demand and analyses the adoption of hybrid SHRM approaches by firms in one industry.

While the SHRM literature recognizes the importance of exogenous and endogenous factors in shaping firm's people management practices and approaches, the international human resource management (IHRM) literature highlights that cultural and institutional environment factors which influence, facilitate and constrain HRM across borders (Edwards et al., 2010; Zheng, 2013). However, limited research has focused on understanding how international companies within specific industries adopt SHRM approaches and HRM practices to deliver competitive success (Boselie et al., 2009; Marler, 2012; Zheng, 2013) by balancing these exogenous and endogenous factors. As the spotlight of this study is the strategic and international human resource management (SIHRM) of international managers, the expatriates and inpatriates who lead international subsidiaries, the strategic approaches are given centre stage in the exploration of the literature.

The aim of this research is to explore evidence of the hybrid version of SHRM approaches through case studies of companies in the international hotel industry. This industry presents a particularly apposite sectoral context where there is a long and continued history of internationalization and the rhetoric suggests 'a hotel is only as good as its manager'. Unit or subsidiary managers have traditionally been seen as 'strategic human resources' responsible for creating profitable units through their leadership and expertise in hospitality-specific and generic-business management skills

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(Miao et al., 2011). It is also an industry, dominated by companies with vast portfolios of hotels across the world using low risk and control entry modes, typically management contracts and franchises (Xiao et al., 2012) which has increased the skills and expertise demanded of such managers (Magnini, 2008; Gannon et al., 2010; Hodari & Sturman, 2014). As such, the importance of mutually beneficial relationships between hotel companies, their partners and property owners and (master) franchisees further highlights the importance of effectively managing and developing skilled and experienced hotel managers. By undertaking a qualitative approach, and securing unprecedented executive level access into eight of the world's largest international hotel companies (IHCs), this study explores the deployment and development of strategic human resources by evaluating a hybrid version of SIHRM approaches. In so doing, it focuses upon the links between dominant fields in the literature: strategy, SHRM, IHRM and market entry models, which have previously received little co-ordinated attention (Pisani, 2009).

Initially, this article evaluates the SHRM approaches and the empirical and theoretical evidence on IHRM highlighting evidence for a hybrid SIHRM approach. An overview of the research design is then provided alongside the rationale for the methods deployed. The findings from the companies' SIHRM approaches are reported and evaluated in relation to the proposed hybrid SIHRM approaches. The opportunities and limitations to building and sustaining competitive advantage through international (hotel) unit managers, as strategic human resources, are assessed. Finally, a discussion of the main contributions and limitations of this study, as well as the managerial, theoretical and research implications, conclude this article.

2. Approaches to strategic human resource management (SHRM)

Exploring the three main SHRM approaches typically begins with an exploration of the universalist or best practice SHRM approach where companies are encouraged to achieve competitive advantage by adopting sophisticated or 'high performance' HRM practices for their human resources (Pfeffer, 1998). However, disagreements between researchers on what is meant by 'sophisticated' HRM, the exact practices required and the limitations of the empirical evidence has resulted in considerable criticism (Boxall and Purcell, 2011). Claims that the 'superior' HRM practices associated with the best practice SHRM approach can be adopted across different industrial and national boundaries regardless of diverse cultural conventions and values, and political and social and economic histories and institutions, have led to further denunciation (Boxall and Purcell, 2008; Kaufman, 2014). However, outright criticisms of the 'best practice' SHRM approach have evolved to recognize that within industries there may be certain HRM practices, which are indispensable (Boxall and Purcell, 2008, 2011) and known as 'table stakes'. Such shared practices are adopted by all organizations to show their legitimate membership of an industry and are recognized as an adaptation of the 'best practice' SHRM approach (Bjorkman, 2006; Leonard-Barton, 1995).

The second SHRM approach 'best-fit' proposes that companies' market positions and strategies determine their HRM policies and practices. A range of theories on the 'best fit' SHRM approach have developed including those which link specific strategy decisions and choices to HRM practices and policies (Schuler and Jackson, 1987) to more complex models (Fombrun et al., 1984; Beer et al., 1984) which incorporate wider corporate characteristics (strategies, positions, portfolio characteristics) to determine HRM practices. The limitations of the 'best fit' SHRM approach revolve around its concentration on external market positioning and the

challenges of achieving competitive advantage where other organizations within the same sector pursue similar strategies and market positions (Boxall and Purcell, 2011).

Finally, the RBV SHRM approach is suggested as an alternative to the best practice and best-fit SHRM approaches. It differs from the previous approaches because it proposes that creating competitive advantage is achieved via the leveraging of valuable, rare, inimitable, non-substitutable and rent achieving (human) resources (Barney, 2001; Morris et al., 2006). Several studies provide empirical evidence that employees can fulfil these criteria to realize competitive advantage through human resources by creating human capital advantage (Marchington et al., 2003). 'Strategic human resources' or 'rainmakers' are the most valuable human resources who specifically fulfil the RBV criteria and contribute significant added value to their employers' companies. Commentators have determined that HRM practices can become strategic assets/resources just like the human resources they set out to manage (Boxall and Purcell, 2011) but only where companies develop idiosyncratic and interdependent HRM practices which capitalize on their proprietary knowledge and transfer it effectively across the workforce. The focus of the RBV approach, on exploiting internal resources to achieve competitive advantage, is then a departure from the best-fit SHRM approach as it attempts to overcome the external and prescriptive views of the best-fit approach (Morris et al., 2006).

Amidst criticisms of these three SHRM approaches each has some value and integrity; however, they represent ideal types which are unlikely to provide companies with a level-headed resolution to their pursuit of competitive advantage via their human resources or HRM practices (Boselie et al., 2009; Marler, 2012; Zheng, 2013). Rather it seems that companies may instead use a 'hybrid', combined and simultaneous version of the three SHRM approaches in the attempt to understand and balance the external pressures of their industry and competitive set to conform and internal pressures to differentiate. Such insights have been supported further by the work of Teece (2007) and Foss (2011) where the arguments for the dynamic capabilities and micro-foundations approaches have been explicated. This hybrid version of the three SHRM approaches is a departure from the autonomous way that these approaches are typically viewed and also highlights the importance of industry dynamics and isomorphism on the development of bundles of HRM practices used to satisfy the 'table stakes' best practice SHRM approach (Boselie et al., 2009; Boxall and Purcell, 2008).

3. International SHRM approaches

In the international SHRM arena similar limitations of the three main SHRM approaches have been compounded by additional pressures to customize and standardize practices dependent upon local and parent company cultural and institutional factors. For example, the wholesale adoption of 'sophisticated' HRM practices, in line with the best practice SHRM approach, has been roundly critiqued (Brewster, 2006, 2007) due to the deep-rooted national institutional and cultural conventions to people management across nations. However, this does not mean that within a nation all industries have the same HRM practices (Boon et al., 2009). Indeed the IHRM literature can be accused of disproportionately focusing upon the differences between parent and host country cultures and institutions without appreciating the diversity across industry sectors within nations (Marler, 2012; Kaufman, 2014). Boselie et al.'s study (2003) shows different 'table stake' HRM practices within the hospital, local government and hotels sector within the same country (The Netherlands) and highlights the value of a hybrid approach to understanding SIHRM where

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