

Issues Faced by Human Resources Managers of Multinational Hotels in China

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ABSTRACT— *The purpose of the present study was to investigate human resource managers' perceptions of HR management issues in China's multinational luxury hotel industry. In-depth interviews were conducted with 10 hotel human resources managers. Qualitative methodology was utilized to identify themes regarding difficulties human resources managers encountered in their daily work. Four overall themes emerged from the analysis of the data which included, issues encountered in recruitment and retention, dealing with expatriates, multinational brand perception, and government and cultural issues. Coping strategies and underlying factors were analyzed. Findings from this study offer hotel managers and human resources managers new insights in dealing with human resources issues in China.*

Keywords— human resources, multinational hotels, human resources managers, Hotel human resources issues in China

1. INTRODUCTION

Globalization has become a key theme in international business, offering a great opportunity for both Eastern and Western businesses to gain larger market shares (Xu & Adler, 2009). Flores and Aguilera (2007) stated that multinational corporations (MNCs) have played a vital part in globalization. A multinational corporation is a company that is registered in more than one country or has branches or subsidiary companies in several countries (Perlmutter, 1969). China's prosperous economy has increasingly attracted multinational corporations to capitalize on China. After three decades of economic reforms, China is developing rapidly and is described as a great economic success story and has become the world's next economic giant (Li, 2007).

From an international standpoint, the hotel business hotel has suffered through various economic downturns and because of this it has pinned its hopes on the Eastern market, especially the Chinese market (Anonymous, 2012). Xu & Adler (2009), noted that the Chinese hotel industry ranks has the fastest annual growth rate in the world. Table 1 illustrates the figures of hotel growth in China from the China National Tourism Administration. During the global financial crisis period, hotel revenue in China continued to enjoy approximately a 2.7% growth rate from 2008 to 2010.

Table1 Overview of Current Hotel Market in China

Year	2006	2007	2008	2009	2010
Total Hotels	10,269	10,971	14,628	14,498	15,713
Total Hotel Rooms (*10,000)	N/A	N/A	215.5	201.7	224.9
Total Revenue (*100 million Yuan)	1,551	1,804	2,231	2,260	2,797

*Source: Hardingham, S. (2012)

Consequently, the world's leading multinational hotel groups are racing to expand in China to become a part of the rapid growth of this market. China's hotel market will become the world's largest by 2025 (Yang, 2011). As multinational hotels have flooded into China, many human resources professionals in China face significant challenges: a

shortage of qualified employees, high turnover rate, and an unwillingness of university graduates to enter the industry (Haiyan & Catherine, 2009; Zhang & Wu, 2004).

Due to increased competition in the multinational hotel industry, a better understanding of human resources has become a crucial factor for hotels to maintain their competitive advantage (Maroudas, Kyriakidou, & Vacharis, 2008; Ferreira & Alon, 2008). Therefore, qualified people are a most valuable asset and every hotel is eager to attract and retain (Moncarz & Kay, 2009). In addition multinational hotels often experience challenges that are different from domestic hotels in China. Those special challenges include a higher requirement of hiring and training to meet the international standard, tension between local policies and parent company policies, and culture differences between the local environment and the Western company (Dessler, 2006; Cieri & Bardoel, 2009; Bjorkman, Fey & Park, 2007; Ferreira & Alon, 2008).

Few studies have examined challenges/issues facing human resources managers in China in terms of multinational hotels. Furthermore, there is a shortage of studies, specifically focusing on luxury hotels in China. The purpose of the present study is to investigate human resources managers' perceptions of HR management issues in multinational luxury hotel industry in China. The study has the following research objectives.

1. To ascertain the most typical human resources practices and policies as well as challenges perceived by Chinese human resource managers.
2. To determine the most valuable human resource strategies as utilized by hotel human resources managers in China.

2. LITERATURE REVIEW

Numerous studies have been conducted about human resource management in multinational companies. Common challenges and issues like low-pay, shortage of qualified employees, lack of training and motivation issues are faced by human resource departments all over the world (Cluluan & Dragan, 2010; Davidson, Guilding, & Timo, 2006; Uma, 2011; Wright, 2007; Adler & Rigg, 2012; Yu & Huat, 1995). Yang and Cherry (2008), conducted research on the top three major human resources management issues in the Taiwanese hospitality industry which were service quality, staff recruitment and selection, and training and development. Some scholars have noted that the difficulty in finding qualified Asian graduates to meet international standards is a threat when a multinational company expands in the Asian region (Doherty & Klenert, 2007; Esichaikul & Baum, 1998). Bagri, Babu and Kukreti (2010) suggested that a significant gap exists between what skills or experiences are expected from new employees and what is available from employees.

In China, "people" are often not considered a scarce resource, but this can also create other problems. Fox (2007) noted that the major challenge in China is "scarcity in a sea of plenty" (p. 40) in China. The only shortage is skilled and qualified employees who can meet the international standard. Data from The McKinsey Global Institute reported that 4.9 million university students graduated in China in 2006, yet only 10 percent had competencies necessary to work in multinational corporations. Lack of basic education, lack of foreign language skills, lack of interpersonal skills, lack of a service-oriented mentality, and lack of an attitude toward teamwork were the major problems among the younger generation of Chinese.

2.1 Cultural Differences

Another key issue is the cultural differences between the local environment and the international company (Bjorkman, Fey, & Park, 2007). There are significant differences between Chinese and Western cultures. Chinese people pay much attention to "face." They feel humiliated "serving" people, and "service attitude" may be a new concept for most Chinese. Many Chinese employees lack a service-oriented mentality and are often afraid of taking initiative, which cannot match the Western standard of "welcome" (Qiu & Lam, 2004; Yu & Huat, 1995). Additionally, foreign managers or those managers who have been trained in Western countries are accustomed to Western practices and deal with employees in a simple and direct way, potentially alienating them from their fellow employees. Chinese employees may not feel comfortable with that approach and may even fear to express their own ideas. One additional issue created by cultural differences is that expatriate managers may lack sufficient knowledge of the local culture and environment (Hu, Martin, & Yeh, 2002).

3. METHODOLOGY

3.1 Sampling Procedure

Participants for the study presently held the position of director of human resources in a luxury multinational hotel in China. Shanghai was targeted as the major city for these individuals because of the large number of international 4 and 5 star hotels. Shanghai is projected to be the most popular tourist destination in China by 2015 (Higgins, 2011). The second step was to choose the target properties from the vast number of hotels in Shanghai. A list of multinational

luxury brand chain-hotels was compiled. These hotels were chosen because they have different challenges than the local independent hotels or budget hotels. The initial list of these hotels was 16. The hotels were contacted to determine the name of the Director of Human Resources. The Human Resources Directors were contacted and the purpose of the study was explained as well as the methodology. Initially five human resources managers agreed to participate. After their interview session was completed they were asked whether they could recommend acquaintances who were human resources managers in luxury multinational hotels in Shanghai or other Chinese cities. Thus the snowball sampling method was employed. All initial interviewees recommended other human resources managers. An additional 5 human resource managers agreed to participate. In total ten human resource managers agreed to participate with five in Shanghai, two in Dalian, one in Ningbo, one in Fuzhou, and one in Beihai. All participants were female and only one was not Chinese with that person being Malaysian. Questionnaires were sent to all participants prior to the interview to enable interviewees time to reflect on the issues to be raised

3.1 Design of the Questionnaire

Based on a thorough review of the literature it was determined that the major issues faced by multinational hotel human resources managers could be divided into three major categories: recruitment and selection, training and development, and retention and turnover. Using these three categories the researcher designed semi structured interview questions.

The following research questions formed the basis through which the issues could be addressed:

1. What are the major HR issues and concerns you think the hotel industry in China faces now?
2. Are there any specific HR issues or challenges faced by multinational luxury hotel brands which are not faced by local hotel brands or budget hotels?
3. What approaches or strategies do human resources departments use to deal with those issues?

The semi-structured interview contained two types of questions, basic demographic information and open-ended questions. Demographic information included respondents' gender, age, educational background, years in the current position, years working as a human resources manager, years in the current company, and years in the hospitality industry. Open ended questions focused on three general aspects of issues faced in China's hospitality industry: lack of qualified employees, employees' training & development, and staff turnover and retention. In addition, perceptions about causes of these issues and different methods used to solve these issues were discussed. Questions were not limited to the ones listed above but were also supplemented by questions for transitioning, clarifying, and probing. A pilot study was designed and administered to two human resources managers from one multinational luxury hotel and one professor and two graduate students before starting the formal interviews to determine if there was any ambiguous or misleading language.

3.2 Data Collection

The in-depth, semi-structured interview approach was adopted because questions were in broad categories and respondents were encouraged to talk freely in depth without constraints. Face to face interviews were conducted with a total of 10 human resources managers. All of the human resources managers were female respondents. All but two of HR managers agreed to be recorded therefore notes were taken for those two. Interview sessions lasted approximately 30 to 45 minutes. At each interview session, interviewees were informed that the session was totally voluntary and that the interviewees were free to stop at any time or skip any of the questions which they felt uncomfortable with.

3.3 Data Analysis

After all interviews, the researcher transcribed the digital recordings of the interviews into text and then translated it into English for further analysis. Each of the managers was given a code instead of their real name and hotel brand.

In the coding and analysis process, a technique of comparative analysis was used. According to the coding procedure introduced by Strauss and Corbin (1998), concepts, main categories and sub-categories were generated by breaking down the raw data. Coding started with open coding, where codes were identified to find out the core meaning without any constraints or purpose. At this stage, the researcher evaluated the raw data and looked for relevant themes. Then these themes were categorized and labeled according to various concepts or ideas. Subcategories were then determined under each theme with their own code.

4. FINDINGS AND DISCUSSION

Nine of the human resources managers were Chinese and one was Malaysian. Therefore, nine of the interviews were conducted in Chinese and one in English. Because one of the interviewees was unwilling to share her demographic background, the researcher only collected the background information from nine interviewees. The majority were between 36 to 40 years old; the youngest was 28 years old and the oldest was 48. The respondents had an average of seven years of experience as a human resources manager and worked in HRM for their current company for two and one-half years. One had only one-half year experience as a human resources manager and one had more than 20 years of experience. Six of them had BA/BS degrees and three had diplomas. Half of the human resources managers majored in

hospitality & tourism management, one majored in human resources, one majored in English education, one majored in social science, and one majored in computer science.

Three human resources managers were from Shangri-La Hotels and Resorts, two from Marriott International, one from Hilton Hotels & Resorts, one from Starwood Hotels and Resorts Worldwide, one each from Kempinski Hotels and New World Hotels, and one wanted to keep their hotel name anonymous. All human resources managers spoke at least two languages. To maintain confidentiality, all human resource manager data were coded as Human Resource Manager # 1 to Human Resources Manager # 10. Table 2 summarizes participant information.

Table 2 Human Resource Manager Demographics

Participant	City of the property	Gender	Age	Years working in current position	Years working as human resources manager	Years with current company	Years working in the hospitality industry
HR Manager #1	Shanghai	Female	37	1	4	6.5	9
HR Manager #2	Dalian	Female	39	4	7	4	17
HR Manager #3	Dalian	Female	X	X	X	X	X
HR Manager #4	Fuzhou	Female	37	1	1	13	13
HR Manager #5	Shanghai	Female	38	2	5	4	16
HR Manager #6	Shanghai	Female	44	10	10	15	18
HR Manager #7	Shanghai	Female	40	1.5	15	2	18
HR Manager #8	Beihai	Female	48	2.5	9	4	21
HR Manager #9	Shanghai	Female	36	4	4	4	11
HR Manager #10	Ningbo	Female	28	0.5	0.5	2	6.5

Based on the analysis of the interviews, four themes emerged based on the questions raised during the semi-structured interview process. These themes included specific issues that human resources managers have encountered when dealing with employees, expatriates, the multinational brands, and the government of China. In addition, the underlying influence factors and coping strategies were discussed. Under each theme, several sub-themes were categorized. To maintain consistency, discussions have been embedded into each category and subcategory.

4.1 Issues Dealing with Recruitment and Retention

Recruitment

Nine of the ten human resources managers claimed that recruitment of qualified employees was one of the biggest challenges they faced. The following comments are representative:

“The whole Chinese hotel market is facing a recruitment challenge, especially the F&B department. Five-star hotel industry in China face a shortage of qualified hotel management professionals.” (HR Manager #2)

“The specific challenges for HRD at this point of time would be actually looking for talent, looking for the right people for the right job.” (HR Manager #6)

This aligns with previous hospitality research (Xu & Adler, 2009) that finding the right person for the right position is currently the greatest HR challenge in China. Hardingham (2012) also mentioned that finding skilled labor is one of the hurdles that multinational hotel brands encounter as they expand in China.

A number of the human resource managers believed that lack of talent was due to factors like salary and benefits of the industry, fierce competition, and the length of time it takes to become qualified. Some managers related the shortage to factors such language skills, operational skills, and employee attitudes.

Salary and Benefits: The managers claimed that multinational luxury hotels were much more attractive. However salary and benefits in the hospitality industry was one of the major reasons that lead to the shortage of qualified employees making it less attractive to potential talent according to the HR managers. The comments below indicate this assessment:

“Hotels, especially joint venture hotels, are very attractive and the industry is a very popular one that many people would like to join. However, the benefits of the industry make it rank below other industries.” (HR Manager #3)

” Recruitment is a two-way choice. When I just started working, it was easy to recruit people because of the relatively high wages of the joint venture hotels. After two decades of development, the salary in the hotel industry is lower than factory wages.” (HR Manager #8)

Fierce Competition: Some managers contended that the shortage of talents was due to the fierce competition in the hospitality industry because almost all multinational brands are now targeting the promising Chinese market. This finding aligns with Xu and Adler’s research (2009) that it is hard to find qualified hotel professionals in China now. Some hotels attract qualified staff from other hotels by offering higher salaries or positions. As the following participants noted:

“ The growth and expansion of the hotel industry in China is very fast. There were only two or three five-star hotels in my market when I graduated and now the number has been raised to eight and there will be another ten to twenty five-star hotels open in the next two or three years.” (HR Manager #2)

“Recruitment as a challenge is because the fast development of the hotel industry. China is the target market of the major hotel brands now. In the next few years, all multinational hotel brands plan to have a 50% growth rate in their expansion in China.” (HR Manager #3)

Long Training Process: Some managers related the shortage of talent to the long length of time it takes to become qualified in the hospitality industry.

“ Hotels cannot take 8-10 years to cultivate a mid-level manager in the present growth situation. (HR Manager #3)

“Previously, 4-Star or 5-Star luxury hotels needed five years to promote a mid-level manager. However, as the current market has more hotels and fewer talents, every hotel unconsciously has to speed up the promotion process.” (HR #5)

Employee Attitudes: When asked about the lack of qualified, five managers mentioned that attitude was one of their major concerns. Some managers attributed this to general issues related to the current generation.

“Young people like challenges and new technology; they do not like to be in this position or this hotel for a long time. They want promotion when they are not ready. If the answer is no, they make plans to leave.” (HR Manager #7)

“Young people who have just graduated are more eager for promotion even when they are not ready. Employees have weaker company loyalty and look for a higher salary or position.” (HR Manager #9)

“Since there are a lot of hotels in the market employees believe that positions are everywhere, which reduces their loyalty. They work only for money and often leave for a higher position or higher salary. (HR Manager #10)

This finding was supported by the previous research of Goodall et al. (2006) who noted that the younger generation in China was extremely impatient. They looked for money and always wanted quick promotions. This research also aligned with previous hospitality research (Xu & Adler, 2009), which showed that employees had weak company loyalty and only cared about money and titles.

Lack of Language Skills: Language skills of employees, especially those in multinational hotels in the first-tier cities like Shanghai are important. Shanghai, as one of the fastest economically-growing cities in China, attracts an increasing

number of foreigners for business and travel. Therefore, hotels there have higher requirements for employees' language skills.

“ Language skills are important because more than 30% of our guests are from Europe and America. You cannot learn language in one day, so this creates problems.” (HR Manager #1)

“ Language problems may be related to the geographic location of a property. People with good language skills go to big cities like Shanghai. Therefore, we have to lower the language requirement at our career fair because we are located in a second tier city.” (HR Manager #8)

Lack of Operational Skills: Operational skills in the hospitality industry cannot be learned in a short period of time.

“ At our company we are willing to share opportunities with our own employees, but often the only way is to lower the standard for the position.” (HR Manager #4)

“The market is short of professionals and the majority lack experience. ... Although the graduates of hospitality programs are qualified in some ways, they lack skills and working experience.” (HR Manager #5)

This result was supported by Xu and Adler (2009). Their research indicated that although Chinese hotel staff are more educated than previously, they lack practical skills and experience within hospitality. Table 3 shows the major recruitment issues faced by HR managers who were interviewed.

Table 3 Recruitment Issues faced by 4 and 5 star hotels in China

Recruitment Issues	
External Factors: Salary and Benefits Fierce Competition Long-Time to be Qualified	Internal Factors: Employees' Attitude Lack Language Skills Lack Operational Skills
Unqualified Employee Levels: Non-Management Level Employees Supervisor & Mid-Level Managers	
Poaching Strategies: Campus Recruitment Personal Referral On-Line Recruitment Website Agencies and Job Fairs Other Recruitment Strategies	

Retention

Since an increasing number of multinational luxury hotels are targeting China as an expanding market the result is severe competition for talent. Employees are more eager for promotion, look for money, and seldom have company loyalty, which aggravates the turnover rate. Ten of the managers interviewed contended that turnover is one of the major challenges for them.

Some human resources managers attributed the situation of high turnover to the low benefits of the hospitality industry. Some managers believed that immigrant workers aggravate the turnover rate. Other managers indicated that personal development, personal reasons, and high working pressure also affects turnover.

Personal Development: Among the reasons that contribute to the turnover rate, nine out of ten managers mentioned personal development.

“A major reason is personal development because other hotels, especially new ones, might offer better conditions, or promotions, or higher salaries to attract people.” (HR Manager #5)

“ A major reason is career development opportunities. There are too many other opportunities outside of our industry.” (HR Manager #4)

Most hotels use higher salary or higher title to attract people to meet their needs for promotion and money (Xu & Adler, 2009).

Leaving the Hospitality Industry: Seven of the managers mentioned the fact that employees were leaving the hospitality industry altogether. The responses indicated the following:

“Due to the high quality of hotel employees, many other industries are targeting hotel industry employees.” (HR Manager #4)

“The advantage of hotel associates is they are very versatile. They are good in administrative office jobs or they are good at customer service positions, so other industries tend to look at hotel employees as a pool of talent.” (Human Resources Manager #6)

Immigrant Workers: Five managers also commented on the phenomenon that immigrant workers go back to their hometowns as they cannot afford the high living expenses in cities such as Shanghai or Beijing.

“As the cost of living in Shanghai is getting more and more expensive, many of immigrant workers choose to go back to their hometowns.” (HR Manager #1)

“In the hometown of immigrant workers the salary, wages, and benefits have been improved.” (HR Manager #6)

This is also in line with previous research conducted in the hospitality industry in China (Xu & Adler, 2009).

Working Atmosphere: In addition, some managers believed that the working atmosphere is a key element that affects turnover rate.

“Employees care about the working atmosphere. If they work in a happy atmosphere, they will take that into account even if another hotels gives them a better offer.” (HR Manager #2)

Maurer and Li (2006) provided evidence that Chinese employees paid much attention to their relationships with the executives and made their employment decisions based on the working atmosphere rather than on company loyalty.

“The hotel staff cares about the working atmosphere. We pay attention to relationships between colleagues rather than work itself. Our hotel has a humanistic management philosophy.” (HR Manager #8)

Xu and Adler (2009) also mentioned that managers are often forced to focus on creating a better work environment to retain employees rather than monetary compensation. Managers want to create a sense of belonging and engagement among employees to retain talent.

Higher Work Pressure: One manager mentioned that the higher work pressure of multinational luxury hotels may also increase turnover rate. Employees may gain a lot from the strict requirements and ultimately benefit from it. “I believe that higher requirements and pressure may make newcomers feel that it might be hard to adapt.” (HR Manager #1)

Because turnover is such a major challenge human resources managers believed that it was important to have a retention strategy. They offered various strategies that they believed to be effective in retaining qualified employees, such as improved communication, compensation, and training and development.

Communication: Five managers regarded good communication as an effective strategy to deter employees from resigning. The following participants commented:

“Our hotel has training managers or human resources people who directly participate in regular departmental meetings...In addition, our GM has regular dialogue with employees.” (HR Manager #2)

“In terms of turnover rate, we have senior managers who every month talk with employees from all departments. Whether their suggestions have been adopted or not, we get feedback from our employees and offer incentives to those employees who raise suggestions.” (HR Manager #8)

“We assess and analyze the reasons for turnover on a monthly basis through interviews. We have GM talk/meetings and a team member committee to understand front-line employees concerns.” (HR Manager #9)

Many participants identified communication as an effective strategy to retain talent and reduce turnover rates. Leung and Kwong (2003) indicated the importance of communication and establishment of personal trust with Chinese employees as a key strategy to maintain organizational commitment. Therefore, managers should maintain open communication with employees to meet their specific individual needs and wants.

Benefits Package: Five managers mentioned the compensation and benefit package as one strategy to retain employees.

“We believe that compensation and benefits for employees are very competitive. I know one strategy that the other hotels have not adopted is that we take 1% from the 15% service charge to share with all employees... we try to give as much as we can to our employees.” (HR Manager #1)

“Every year once or twice we do salary survey. The latter one is to collect data for the annual salary increase at the end of the year.” (HR Manager #4)

Training: Five managers also used training as an important part of their retention strategy.

“We have a sound training system and offer adequate training and cross training in our sister hotels. Every employee has potential space for development,” (HR Manager #3)

“We have a potential leader program which is specifically for future talent... and we develop a career plan for specific individuals... We have a cross training program which may be inter-hotel or inter-department.” (HR Manager #6)

Personal Development & Internal Transfer: Development and internal transfer is another way for human resources managers to retain talent.

“The most important is development and promotion opportunities. Our hotel relies on inter transfer to retain those qualified employees.” (HR Manager #5)

“ We encourage inter-property transfers because of the expansion of our brand. We want to keep the associates within the company rather than losing him to another brand.” (HR Manager #6)

Xu and Adler (2009) indicated that many managers perceive retention to be more difficult than recruitment. Managers suggested that, because hotels would benefit in the long term, hotel brands should provide generous compensation and benefit packages, adequate and valuable training, and personal development opportunities. Fox (2007) stated that training and development is the greatest retention tool for Chinese employees.

Branding & Ownership: Two managers also suggested that branding is a key factor to keep employees’ loyalty.

“ We attribute the success of our low turnover rate to our branding. I think many people would think about where they can go after they are done with our brand which is considered very high in prestige.” (HR Manager #1)

“Establishing a good brand culture and work atmosphere to retain talented employees is our goal.” (HR Manager #10)

Table 4 shows the retention issues faced by HR managers of 4 and 5 star multinational hotels in China.

Table 4 Retention Issues faced by HR managers of 4 and 5 star hotels

Retention Issues
Turnover Factors: Personal Development Leave the Hospitality Industry Immigrant Workers Personal Reasons Work Atmosphere High Work Pressure
High-Turnover Employee Levels: Non-Management Level Employees Supervisors
Retention Strategies: Communication Benefits Packages Training Personal Development & Internal Transfer Branding & Ownership

4.2 Issues Dealing with Expatriates

With the expansion of multinational hotel corporations, hotels need people with competencies and cultural sensitivity to operate overseas properties. Therefore, qualified hoteliers are relocated from the home country to the host country and called expatriates (Xu& Adler, 2009). Because China has been regarded as the most promising market by most multinational luxury hotel brands, expatriates are commonly utilized. Some human resources managers interviewed commented that expatriates are another challenge for them due to the cultural differences, local policies, or qualifications. However, some human resources managers believed that expatriates are a superior resource rather than a challenge because they are more direct in communication, appeal in attracting employees, and are familiar with Chinese culture.

Expatriate Disadvantages

Cultural Differences: Four of the managers interviewed mentioned cultural differences as a concern for them. One manager mentioned that the American incentive system does not work in China due to the different cultural backgrounds.

“ We were encouraged to adopt a Western up-selling strategy. It is easy to have small talk in the United States and introduce guests a better room. However, in China, we feel that it makes guests feel that all we want is to make more money...hence it did not work.” (HR Manager #1)

Some managers thought the Chinese culture may aggravate cultural differences as local employees tend to hide or not express their true thoughts, and fear talking with managers. Expatriates may prefer a straightforward communication style as the following responses indicated:

“There are some cultural challenges. Foreigners are very direct and express what they really think. Chinese express themselves indirectly when they feel ashamed to explain something, which may lead to misunderstanding with foreigners.” (HR Manager #2)

“ Chinese people may be afraid of losing face and feel embarrassed to ask questions. They may keep nodding while not understanding what you are talking about.” (HR Manager #7)

Hofstede’s cultural dimension theory offers support for this phenomenon. “Power distance expresses the degree to which the less powerful members of a society accept and expect that power will be distributed unequally.” (Hofstede, 1991). On the one hand, Chinese people come from a relatively high power distance culture and employees in China accept that power has its privileges. Thus, they fear to communicate with supervisors. Expatriates from relatively low power distance cultures expect subordinates to freely communicate with their bosses, even contradicting them. According to Goodall et al. (2006), fear of losing face and damaging Guanxi were regarded as the main reason for Chinese unwillingness to have direct and open communication. As a result, due to cultural differences, different ways of thinking negatively impact effective communication.

Human resources managers interviewed offered several strategies to solve the cultural barrier. Some managers would deal with the problem by letting the expatriates get used to Chinese cultural norms.

“Foreigners are more direct and tell HR which employees they think have not done a good job. We then would have to tell them how to communicate with local employees. ” (HR Manager #1)

Conversely, some managers would like to deal with differences from the employees standpoint. They would offer cultural training courses to the front-line employees because they take care of guests from various countries and cultures.

“We do a culture course for the associates based on the nationalities we employ in order to get them familiar with different countries, yet also telling them what are the norms and what the social ethic of the culture they are working with.” (HR Manager #6)

“If an employee feels that an expatriate department head is too aggressive, they can come and talk with the HR manager directly. They often tell us that they were anxious because they were made to you feel uncomfortable in front of other people.” (HR Manager #7)

Local Policies: In addition to the previously mentioned problems and potential solutions for dealing with cultural differences, two managers interviewed emphasized that expatriates are not familiar with local government policies and explaining to them presents another issue that human resources managers have faced.

“Foreigners cannot understand Chinese policy, especially the labor law aspects. They cannot understand why there are so many constraints ... If there is any problem, HR has the responsibility to inform foreign managers about what is required by the Bureau of Labor or the government.” (HR Manager #2)

Expatriate Qualification: With the development of multinational hotels in China, expatriates have increasingly flooded into China. One manager mentioned that there are some expatriates without qualifications who have held positions .

“At the end of 1980s and the beginning of 1990s, expatriates were more qualified. As China changed and foreigners became more comfortable with the environment, many expatriates have flooded into China, bringing some unqualified ones.” (HR Manager #3)

Expatriate Advantages

However, some managers interviewed held the opposite idea. They believed that expatriates bring many more advantages than disadvantages. They are a valuable asset to the hotels as the property benefits from their professional experiences from different cultures.

Direct Communication: Half of the managers interviewed claimed that expatriates are more direct and local employees prefer managers to be straightforward in communication.

“In our industry, people prefer the direct style of expatriates since we know what they want and do not need to guess.” (HR Manager #4)

“Chinese may feel it is easier to get along with expatriates since they are more direct. They will not hold a grudge or make things hard for employees...” (HR Manager #8)

Chinese Hand: Most of the expatriates have been working in China for a long time. They are familiar with Chinese culture and customs and are called Chinese Hands. Therefore, some managers believed that expatriates seldom have cultural conflicts.

“In terms of management, we have 16 nationalities in our property and employees feel quite comfortable with the multi-cultural working atmosphere. Many foreigners have had Asian experience before and have a great adaptability.” (HR Manager #1)

“We rarely have culture conflicts because most of the expatriates have been working in China for a long time and are familiar with China’s culture. On the other hand, the way of thinking for Chinese has been Westernized.” (HR Manager #5)

Expatriate Attraction: Two of the managers interviewed mentioned that expatriates are a kind of attraction for the property rather than a challenge. Chinese employees feel very proud if their bosses are from foreign countries.

“Sometimes employees are attracted by the multicultural atmosphere. They like to say ‘My boss is from a foreign country’. This is an advantage for us.” (HR Manager #1)

“If you say it is a conflict, I say it as an opportunity. The local people work in a diverse culture, and we have ten different nationalities here in this hotel. Associates from different nationalities and get very excited and they think they can learn and speak English.” (HR Manager 5)

4.3 Issues Dealing with Multinational Brands

Multinational luxury hotel brands have higher service standards than domestic brands. This requires human resources to recruit employees with rich professional skills, language skills, and proper service attitudes. However, there are fewer individuals with the appropriate talent to meet the higher recruitment requirement standards needed. Consequently, multinational luxury hotel brands may face a more severe shortage of qualified employees. However, some human resources managers believe higher recruitment requirements is an advantage because the brand reputation may attract more candidates than do the domestic hotels

Brand Reputation

Higher Recruitment Requirements: Four of the managers interviewed claimed that they have higher requirements for recruitment because they are employed by multinational luxury hotels.

“Language is a problem. People with great work experience at a local hotel might not be hired by a brand hotel due to their language issues. There may be some local hotel staff with good language skills, but they still need time to adapt.” (HR Manager #3)

“The high recruitment requirements become more apparent when we go to schools to recruit. International hotels have a different profile, we are looking for the right attitude, and good English skills.” (HR Manager #6)

Brand Attraction: Although multinational luxury hotels have higher requirements in recruitment, three managers interviewed mentioned that brand reputation has helped them attract more candidates than domestic brands.

“People always look for good brands and, thus, multinational hotels actually have an advantage in recruitment.” (HR Manager #7)

“Our branding and location as a new hotel attracts a lot attention.” (HR Manager #1)

Policies from Headquarters and Local Government

Flexible Headquarter Policies: In terms of policies from headquarters, most of the managers interviewed contended that it is not a challenge for them because policies from headquarters are general and allow them to adapt to the local environment.

“The policy from headquarters is only a guideline and is not be very detailed. Headquarters leaves space for the local properties when they are generating the policy. Local properties can operate by local policies and headquarters respects the local policy as well.” (HR Manager #2)

“It may be a challenge, but it can be handled flexibly. If the hotel brand has more than one property in China, headquarters knows about the differences of operating in Chinese.” (HR Manager #3)

According to Yu and Huat (1995), the issue of policy was identified as the least challenging factor by expatriates in China, which aligns with their previous study of managers interviewed. Nian and Dan (2007) stated that Chinese subsidiaries play an increasingly important role in the future strategies of companies and corporate headquarters pay special attention to adjust to the needs of the Chinese market.

4.4 Issues Dealing with Government and Culture

China has many special concerns not experienced in Western countries. Human resources managers in China may face more unexpected challenges compared to managers in Western countries. For example, the one-child policy in China has had a substantial impact on the characteristics of the younger generation. In addition, human resources managers have to be aware that different cities in China have their own personalities. People in different cities embrace different cultures and have different characteristics.

One-child Policy

Four of the managers interviewed attribute the younger generation’s performance to the one-child policy. A family with only one child will most often discourage them from entering into a service industry career, such as the hospitality industry. This aggravates the shortage of qualified hoteliers.

“Due to the one child policy, parents of the only child do not want their children to serve people. Therefore, there are fewer students who want to study hospitality, which aggravates the shortage of qualified employees.” (HR Manager #1)

“Because of the one child policy in China, the hospitality industry in China does not seem attractive especially to parents who are encouraging their children to go work for large corporations.” (HR Manager #6)

Human resources managers in China have to face the challenge of the younger more spoiled generation. They need to help young people understand the real opportunities of the hospitality industry and embrace it.

Cultural Difference among Cities in China

China is a country with a more than a 5000-year history. During the long history and due to the diverse geography and history, cities have formed their own personalities. The HR Managers who were interviewed who had worked in several cities noted one interesting phenomenon. Not only do human resources managers in China have to be proficient in their professional skills, but they also have to get familiar and comfortable with various characteristics of employees from different regions and adopt varying management styles to deal with them.

“I have worked in Beijing and Shanghai, and feel that even in China there are cultural differences. Different properties in various cities may require managers to adopt different management styles.” (HR Manager #1)

“Characteristic of the north and the south are different. Characteristics of people in the south are not as direct and strong as that of people in the north. People in the south are very soft and always imply and go around the topic, while people in the north are quite direct.” (HR Manager #2)

“In the north, people are more stable and it is normal to work for one company for three to five years. However, in the south since everyone thinks there have other opportunities after 2 or 3 years.” (HR Manager #4)

Recruitment & Retention	Expatriate	Multinational Brand	Government & Culture
<ul style="list-style-type: none"> • <u>Recruitment</u> • Salary and Benefits • Fierce Competition • Long-Time to be Qualified • Employees' Attitude • Lack Language Skills • Lack Operational Skills • <u>Retention</u> • Personal Development • Jump out of the Hospitality Industry • Immigrant Workers • Personal Reason • High Working Pressure 	<ul style="list-style-type: none"> • <u>Disadvantage</u> • Cultural Differences • Local Policies • Expatriate Qualification • <u>Advantage</u> • Direct Communication • Chinese Hand • Expatriate Attraction 	<ul style="list-style-type: none"> • <u>Brand Reputation</u> • Higher Recruitment Requirements • Brand Attraction • <u>Policies</u> • Flexible Headquarter Policies • Higher Standard & Higher Requirements • <u>Owner Issues</u> 	<ul style="list-style-type: none"> • <u>One-Child Policy</u> • Young Generation • <u>Cultural Difference among Cities in China</u> • North VS South • <u>Labor Laws</u> • New Labor Law

Figure 1 Common issues that are faced by human resource managers in multinational hotels.

This finding has not been mentioned in previous studies. It occurs because China has different culture which lead to different regional issues. Big cities like Shanghai, Beijing, and resort areas like Hainan have distinct labor markets, and second-tier and third-tier cities have even more distinct labor characteristics than large cities. Issues that managers face in the north can be very different from the south. This finding is supported by Vanbonacker and Pan (1997) who stated that cultural differences affect business operations, especially in the countries that differ significantly in culture. One human resources manager mentioned that most of the employees in the properties in Beijing may be local people and 70% of the employees in Shanghai properties may be local people, while in Sanya, only 20% of the employees are local people.

5. CONCLUSIONS AND IMPLICATIONS

Based on the findings of in-depth personal interviews with human resource managers in multinational luxury hotels, four major conclusions emerged from the raw data and are proposed as shown in Figure 2. The four major conclusions dealt with specific difficulties that human resources managers encountered in dealing with employees, expatriates, multinational brands, and government and culture.

Conclusion 1: With regards to issues dealing with employees, evidence generated from the semi-structured interviews suggests that recruitment and retention are the two major concerns for human resources managers. Fierce competition among the hotel brands and other industries and the low salary of the industry are the main obstacles to attracting talent to enter hospitality. At the same time, personal development, competition from other industries, and immigrant workers are the three major reasons for high turnover rates.

Conclusion 2: Most of the managers interviewed believed that expatriates bring more advantages than disadvantages. First, many expatriates have been working in China for a long time. They have become familiar with Chinese customs

and culture and seldom experience culture shock. Second, expatriates now have become a kind of attraction to appeal to talent because local employees may feel proud if their boss is a foreigner.

Conclusion 3: The majority of the managers interviewed felt that the reputation of multinational hotels is more attractive to employees than domestic brands. However, multinational brand hotels also have higher recruitment requirements necessary to meet their international standards. Thus, their range of choice for employees may be narrower. The current study also found that headquarter policies are no longer an obstacle for multinational hotels to operate in China.

Conclusion 4: Generational differences and the One-Child Policy are sociological issues faced by human resources managers. Furthermore, the present findings revealed cultural issues within China. Diversified ethnic and regional cultures are cultivated in China as such a large country. Issues that managers face in the north can be very different from the south. However, all human resources faced the issue that new labor laws favor the rights of individuals and place organizations at a disadvantage.

Implications

The current study has some valuable managerial implications for the multinational hotel industry. These implications deal with four major issue: recruitment, retention, generational issues and cultural differences.

The current study suggests that the most important strategy for brands and properties should be using campus recruitment to establish long-term relationships with universities and vocational schools. Hilton has “Hilton Class” in hospitality vocational schools. Managers from Hilton share their practical experiences with students; meanwhile Hilton establishes a good brand image among students. Therefore, when students enter the industry itself, the first employer they might consider is Hilton. In addition to the above strategies, the managers who were interviewed offered several specific strategies to attract and cultivate talent. Matila (2007) noted that brands or properties should not only think about filling particular job vacancies; they should take a broader and more strategic view to cultivate a talent pool. “

The present study also suggests the importance of keeping communication channels open to meet the needs of various constituencies. Properties should arrange regular meetings with employees, have general manager (GM) meetings as well as have ways for employees to make suggestions. Brands and properties have the responsibility to let employees better understand the brand’s culture and image through communication. An effective way to boost employee engagement would be to offer activities during orientation to help employees learn the brand culture. Malila (2007) stated that understanding brand culture might help build an employee’s sense of belonging and commitment to the brand.

Findings of the current study indicate that multinational hospitality corporations should have regular pay scale reviews against other brands as well as other industries to maintain their competitiveness and meet the needs of employees. Xu and Adler (2009) mentioned that hotel companies need to provide more generous compensation & benefit packages and valuable training and development opportunities to retain talent. Beyond communication, compensation and training and development, managers interviewed in the study emphasized retaining employees by creating a better work environment. Most of them pay attention to the “feeling of belonging” and “sense of engagement” of employees. As Chinese are in a relationship-driven culture, employees are more loyal to their supervisors than to the brand (Xu & Adler, 2009).

The current research also sheds light on the prominent issue of the younger generation. In terms of young employees, hotels should first improve recruitment strategies and increase recruitment efficiency to find the right people with the right attitude for the right position. Furthermore, a clear brand culture, career direction, and instruction should be provided in orientation training. Cultivating and training the leadership of front-line supervisors is an important key factor to retain young employees. As fewer graduates enter the industry, the most important step that hoteliers should consider is repositioning the industry and rebuilding the industry image among young people.

Findings from the study indicated that managers should be aware that various regional cultures exist in different cities in China. Yong, Wiley, and Wilkinson (2009) indicated that although China has experienced dramatic development over the last decade, different parts of China remain much more diverse from each other than are many European countries from each other. Human resources managers should respect and understand the different regional cultures, employee labor markets, and employees’ personalities in various local markets. People in the south are more readily relocated than those in the north. Additionally, employees in the north are more likely to be local people (long-term residents) than employees in the south. Managers in the south should consider more accommodations for the non-local employees, such as housing, to help retain talent. Furthermore, encouraging fellow employees to learn and respect each other’s culture is a key task for human resources managers



Figure 2 Major Human Resource Issues in 4 and 5 star hotels in China

6. LIMITATIONS AND FUTURE RESEARCH

The present study has a number of limitations. First, the study was based only on human resources managers from chain-affiliated luxury hotels in China. Therefore, the results may not be generalized to other non chain or domestic types of hotels. Secondly the current research only focused on 4-star or 5-star luxury hotels. Results from mid-scale or budget hotels may be quite different. Third, since 4 and 5 star luxury hotels are mostly in the larger first and second tier cities and results may be different for hotels in third tier or smaller cities in China. Another limitation is that all of the managers interviewed were women. However when the researcher contacted all of the HR managers at 4 and 5 star hotels, it was apparent that men HR managers were very rare. The study also did not look at the varying levels of education of the HR managers. HR managers from domestic chains and budget chains and from smaller cities could be investigated in future research. Future studies could also look at a larger sample size and try and dig deeper into more operational issues faced by human resource managers.

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