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# **Strategic Employee Training and Development in Chinese Luxury Hotels**

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## STRATEGIC EMPLOYEE TRAINING AND DEVELOPMENT IN CHINESE LUXURY HOTELS

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*Training and development is increasingly important to the international hotel industry, especially in China. This paper examines some Chinese four- and five-star hotels' training and development (T&D) practices from a Western human resource development (HRD) perspective and compares the results between the Chinese state ownership and Sino-foreign joint ventures using multiple case studies. Results seem to show that the western way of training and development may not necessarily lead to superior training effects in the Chinese context than those used by state-owned hotels. It suggests that a better T&D model for Chinese hotels may emerge by learning the lessons from both kinds of hotels' good practices.*

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**Keywords:** *training and development, state-owned and joint-venture hotels, China*

### INTRODUCTION

Discussions about the critical value of human resources to organisations' success have become increasingly popular. It is generally believed that more effective utilisation of human resources in organisational context is likely to give organisations a competitive advantage (e.g. Guest, 1987). Particularly, the success is likely to spring from organisational capabilities such as speed, agility, learning capacity and employee competence (Leonard-Barton, 1995). However, how to achieve these organisational capabilities is an issue which is far from the moment to draw any convincing conclusions, but many have argued that the traditional training function with its focus on the operational level cannot meet organisations' demands for core competency in the new economy (e.g. McCracken and Wallace, 2000). With such a background, the new-born human resource development (HRD) theories seem to have provided possible solutions to these problems.

Absorbing its rationales from strategic management, human capital theory and resource-based view (e.g. Lepak and Snell, 1998), human resource development (HRD) is a bundle of theories, which initially emerged and developed from the traditional training function and is generally seen as the strategic management of training and learning, so as ultimately to achieve the objectives of organisation and to ensure the full utilisation of the knowledge and skills of individual employees (Griego; Geroy, and Wright, 2000). In compared with traditional training, some of the often-argued features of HRD include: integration with organisational missions and goals; top management support; line manager commitment and involvement; existence of complementary HRM activities; recognition of culture; and emphasis on evaluation (Garavan, 1991). However, there is considerable debate within the training and development literature regarding those distinctions. One of the most noticeable disagreements is about the applicability of HRD's assumptions into the organisational context, since there have hardly been any empirical evidence supporting the successful implementation of a whole set HRD principles (e.g. Mabey, Salaman and Storey, 1998). This raises a need for more empirical research to monitor such strategic changes in workplace training, if it is happening.

Having well-trained and motivated employees cannot be more critical in service industries, such as hotels. As a labour-intensive industry, the hotel industry depends upon employees to deliver service to their customers. It seems obvious that training staff how to deal with people and provide the right service with the required standards is a must for hotels in obtaining satisfied customers and generating profit as a result. Indeed, facing more turbulent market environments, development of human resources has become a critical issue for the hotel industry in recent years with the growing interests of relying on it to achieve competitive advantages (Nolan, 2002). Also, there is a great deal of literature focusing on and verifying the benefits of offering better training to improve employee productivity, performance, and motivation in the service industry. Yet little research focus has been placed on the strategic aspect of training and development at hotels' organisational level (e.g. Baum, 1995). On the other hand, due to various reasons, such as the financial constrains (Wood, 1994), high labour turnover (Boella, 2000) and lack of training customs (Mullins, 1998), the management of human resources in hotels is underdeveloped and lacking in sophistication (Lucas, 2004). Given the fact that the hospitality industries are growing globally in a rapid speed, more research attention on strategic training and development is needed to sustain these industries' prosperous development.

## **RESEARCH CONTEXTUAL BACKGROUND**

China is a fertile ground for conducting hospitality researches, and in fact it is also a country urgently requires such attention. Since its adoption of the 'Open Door' policy in 1978, tourism and hospitality industries in China have experienced rapid and remarkable changes. More specifically, the Chinese hotel industry has been the recipient of massive investments. During the 1980s and 1990s, the Chinese government encouraged foreign investment in the hotel industry and allowed foreign hotel companies to develop hotels that meet international standards (Lee, 2002). This has resulted in 10,888 hotels for overseas tourists, which has generated around £ 8.5 billion in the year 2004. If the estimation by the World Tourism Organisation is right that China will become the world's number one tourist destination by 2020, in order to sustain this massive and rapid growth, the hospitality industry in China needs to possess a qualified and trained workforce to meet the needs of increasing demanding customers and to respond effectively to changes in its surrounding environment.

It is true to say that China has made remarkable achievements in both its economic and tourism development in the last two decades. Yet, it is also true to say that China has not yet finished its economic transition and remains a mixed economy system, where market principles and the central planning system interact and conflict (Pine and Qi, 2004). Major market environmental transformations have, therefore, prompted organisations' need to dislodge some of their established beliefs and practices and adopt or even create new, more market-oriented views on management. Furthermore, serious threats exist which may have an impact on the rapid expansion of the Chinese hospitality industry. These include the serious shortage of qualified labour (Stuttard, 2000) and the lack of research effort in the field of human resource management (Anderson and Nicholson, 1999) especially in the hospitality industry (Pang, Roberts and Sutton, 1998). Previous research indicates that human resource management and human resource development are 'imported' concepts in China (Warner, 1995). Together with the fact that the development of the hotel industry in this country is still in its infancy (Kaye and Taylor, 1997), how useful that western human resource development models are for the Chinese hotels is questionable. Furthermore, how well that both Chinese indigenous and foreign invested hotels are in training and developing their employees under the influences of the need for both internationalisation and localisation is literally unknown due to the research shortage on this regard.

## FIELD RESEARCH AND SOME PRELIMINARY FINDINGS

With above theoretical and contextual concerns in mind, this research was designed to explore the current training and development strategies and practices in Chinese luxury hotels (4\*-5\*) and evaluate them against certain key features underpinning Western human resource development models (e.g. strategic integration, systematic planning and implementing processes, learning culture and management commitment, etc.). Comparisons of the findings between the Chinese state-owned and Sino-foreign joint-venture hotels were also conducted aiming to learn lessons from both types of hotels, which have formed the majority of Chinese luxury hotels.

The field research was conducted using both case studies and postal questionnaire surveys among Chinese luxury hotels (4\*-5\*) in three gateway cities in China, namely, Beijing, Shanghai and Nanjing. Due to the space limit, only the preliminary findings generated from case studies are reported here. In total, eight hotels were purposely selected to conduct comparative case studies. They were approached directly by phone, letter or in person. Some of the key features of those hotels are presented in Table-1. The main data collection methods used in each hotel are semi-structured interviews with managers at different levels and reviewing of relevant documents (e.g. company policies, training strategies, training manuals and training appraisals). By doing this, information gathered was relatively comprehensive and comparable between hotels and at the same time embraced the potential variations and the depth on issues that this research concerned. All together, twenty-eight interviews were accomplished with at least 3 interviews within each case hotel (twenty-five were recorded with managers' permission). The duration for each interview was varied between 45 minutes to 2 hours subject to the time schedule agreed by the interviewees.

The findings suggested that although employee training and development (T&D) was widely regarded as an increasingly important issue by the interviewed hotel managers in China, the actual sophistication of those hotels' T&D practices and their management commitment were varied from case to case. One of few consistent findings of this research was that all of the eight case hotels spent most of their training time on delivering basic skills training to frontline employees, though some hotels might have paid relatively more attention to their management development and training for organisational culture change. The general focus on operational skills rather than interpersonal skills among Chinese hotels is understandable given the facts that service

quality in hotels largely depends on the frontline employees' performance and the Chinese labour market is filled up by primarily unskilled labour forces. In terms of training and development techniques, most of the contemporary training methods discussed in the Western T&D literature were found having their applications in the Chinese hotel industry. However, despite the appearance of increased variety of training methods, most of the Chinese state-owned hotels still relied on conventional training delivery methods (e.g. lectures and apprenticeship). Cautions are needed when interpreting this finding as understandings of one training technique can be very different from hotel to hotel. As evidenced in the cases in China, training behaviours could be very different even when they reported having applied the same training approach.

**Table 1.** Some key features of the case hotels

Hotel Code	Star Rate	Year of Est.	No. of rooms	No. of Employees	Property Ownership	Managerial Ownership	Hotel Chain	Some of the Features of the Hotel and Its Training
SOH1	5*	1993	600	800	Chinese State-owned (Parent is the provincial government)	A Chinese Hotel Management Company	Yes	Known as one of the best hotels in China A flagship hotel of a hotel management company Having associated training university
SOH2	5*	1992	994	1300	Chinese State-owned (Parent is local tourism group)	Chinese	No	Reasonable good performer a member hotel of a local tourism group Providing hotel training services to other hotels
SOH3	4*	2000	200	270	Chinese State-owned (Parent is China's largest oil company)	Chinese	No	A new successor in the local hotel market Positive learning environment driving by the hotel's senior management
SOH4	4*	1984	245	310	Chinese State-owned (Parent is the local metropolitan government)	Chinese	No	A moderate performer Still having most traditional features of Chinese state-owned enterprises (e.g. "iron-rice bowl" policies) Focused on basic skill training
JVH1	5+*	2000	549	865	Sino-American Joint Venture	The American Partner	Yes	Good performer (in terms of ARO rate) Systematic training procedures Management training follows the American company's instructions and procedures
JVH2	4*	2000	344	450	Sino-French Joint Venture	The French Partner	Yes	Good performer (in terms of ARO rate) Systematic training procedures Emphasising training with the chain's features
JVH3	4*	1997	376	487	Sino-Japanese Joint Venture	Joint management with the Japanese side occupying key management positions	Yes	Reasonable good performer Training is designed to follow detailed job descriptions made by the Japanese side in 1980s Emphasising on team building
JVH4	5*	1992	408	480	Sino-Hong Kong Joint Venture	The Chinese partner-a local hotel management company	Yes	Good performer Positive leadership in training and learning among senior and middle management Articulating learning culture

Furthermore, the differences in hotels' ownership seemed to have some influences on their T&D practices but only to a certain extent. Generally speaking, training and development process in those joint-venture hotels was more systematic in compared with that in the state-owned hotels as their training procedures were more complete and programmes were more consistent. For example, all of the studied joint-venture hotels undertook "training and development need assessments"

regularly, and they all had written T&D plans. In contrast, T&D initiatives in some Chinese state-owned hotels were rather *ad hoc* without enough appreciation about the importance of synergy and consistency that required for more effective T&D activities as proposed in those Western human resource management and development theories. They were especially underdeveloped on aspects like strategic integrations (with business strategies and other HR functions), employee involvement and T&D evaluations.

Moreover, findings seemed to suggest that T&D practices in those state-owned hotels were heavily influenced by their leaders' learning attitudes and the resources available; and that in the Sino-foreign joint-venture hotels were largely shaped by the human resource management policies and practices employed by the foreign partners of the hotels. However, based on this study's findings from four "learning" hotels included (i.e. two state-owned hotel and two joint-venture hotels), it is argued in this paper that most of the good T&D practices are transferable between hotels under different types of ownership in China, though the transferring process is primarily affected by hotel management's learning perceptions and further moderated by the available T&D resources.

Evidence collected from this research, especially from those joint-venture hotels supported the rationales that underpinned Western human resource development (HRD) models that effective T&D activities in hotels required to have systematic and strategically integrated T&D structures, which was particularly true when considering hotels' long-term development. Furthermore, some "emotion"-involved elements identified in the Chinese state-owned hotels seemed to have provided valuable ingredients to be added into the existing Western HRD models, which could help to increase their robustness in a cross-culture context and also to improve their effectiveness in the hotel industry. It was found that positive learning attitudes and energetic learning leaders had the power to turn passive training activities into active "learning from heart". It is, therefore, proposed that to build up an effective training and development architecture in the Chinese hotel industry, both systematic training and development structure (as widely addressed in Western human resource development literature) and consistent emotional inputs (e.g. devoted learning managers; turning trust-based personal relationships into learning drives, etc.) are necessary. More empirical studies are needed to further test these ideas.

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