

## **Human Resource Management in Hospitality Multinational Enterprises: An Empirical Analysis**

**Dr. Mohinder Chand**

*Professor, Department of Tourism and Hotel Management, Kurukshetra University, Kurukshetra, (HR) India*

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**Abstract:** *The increasing liberalisation, privatisation and globalisation (LPG) combined with an ever increasing shortage of professional manpower and advances in technology has resulted in large scale changes to human resource management practices throughout the world and Asia-Pacific region firms are unlikely to be immune from these challenges. An exploratory study was conducted with hospitality multinational enterprises (MNEs), based in India to assess their human resource management practices and comparing these practices with foreign multinational enterprises (MNEs) operating in India. A key aim of the study was to establish if the human resource management practices of MNEs that operate in the important hospitality industry, are aligned with global practices. Using data collected from hospitality multinational enterprises located in India, we compare the two groups on specific HRM practices. The aim is to show how HRM practices of Indian MNEs differ from those of foreign MNEs and examine the extent and the way these HRM practices reflect firm specific factors such as nationality, age (years), number of employees and industry sector. The empirical results indicate that HR practices in India reflect firm-specific factors to a great extent. Moreover, they imply that in some areas MNEs have realised a considerable degree of adaptation, embracing practices that are in line with the Indian environment. A salient focus of the study is to assess if globalised foreign owned MNEs are more likely to align their HRM practices with global trends rather than with the practices employed by locally owned MNEs. The findings are discussed in terms of implications for HR practitioners, particularly those in Indian.*

**Key words:** *Human Resource Management, India, Multinational Enterprises, Hospitality industry*

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### **I. Introduction**

With the globalization and internationalization of business, trade barriers have come down and business giants have spilled across the world and the emerging economies (such as India, China, Eastern Europe, South East Asia, and Latin America) have become their lucrative markets (Sparrow, Brewster and Harris;2004). After economic liberalization in 1991 much of the FDI in manufacturing is intended for India's large and growing domestic market, rather than for export (Government of India, 2006). Although multinational companies (MNEs) have entered all sectors, the consumer goods industries have attracted the most investment. In these industries, MNEs either compete directly with established Indian firms or ally themselves with established Indian firms or other established MNEs that have operated in India for a long time (Budhwar and Khatri,2001;Budhwar,2004;s and Vachani,2008).

Indian market poses special challenges due to its heterogeneity, in terms of economic development, income religion, cultural mix and tastes. On top is the heating competition among local players as well as the leading MNCs. (Zainulbhai, 2007). The ever-expanding transnational reach and influence of MNEs in an ever-increasingly competitive and uncertain global marketplace raise a complex set of global human resources issues for companies, workers, unions, public policy makers, and concerned citizen interest groups. Moreover, the combination of increasing global presence, pressures to reduce costs, and innovations in information technology have resulted in a perfect storm challenging the delivery of HR within multinational enterprises (MNE's) (Ferner, 1997; Hiltop, 1998; and Kostova and Roth, 2002). Thus, the growth of new international business blocs and an increased level of competition among firms at both national and international level have resulted in an increase in comparative HRM studies.

Scholars (e.g. Poutsma, et al., (2006); Rosenzweig, & Nohria, (1994); Sparrow et al. (2004 Björkman, et al. (2007) have also developed and proposed different HRM Practices both between and within nations. However, HRM practices have been developed from a restricted sample of human experiences and unable to cope with the growth of a 'global business village', where companies operate in different nations and need appropriate information and guidance to develop their HRM practices. Under such volatile business conditions, it is relevant to understand the importance of HRM models applicable in other parts of the world. These issues raised the significance of HRM research in cross-national comparative dimension and an international perspective not only European or American context but also focus on developing nations especially Asia-Pacific region.

According to Central Statistical Organisation (2010) the Indian economy recorded an estimated growth rate of 7.4% for the financial year 2009-10. This is attributed to a strong performance of service sector

which contributed more than 50% of the GDP in 2009-10 especially hospitality industry. The hospitality industry in India accounted for approximately 6% of GDP and 30.5 million jobs (including direct and indirect) in 2009 (2010). Further, The Travel and Tourism Competitiveness Report 2009 brought out by World Economic Forum, ranks India as 11th in the Asia-Pacific region and 62nd overall in a list of 133 assessed countries in 2009 in terms of tourist arrival.

Considering the above, it seems unlikely that HRM practices will work equally well no matter what context, more research is needed in the hospitality industry and in different contexts. The present study has been conducted to fill this gap and to further examine the existence of HRM practices in hospitality MNEs operating in India. The objective of this article is to understand how HRM practices of Indian hospitality MNEs differ from those of foreign hospitality MNEs and examine the extent and the way these HRM practices reflect firm specific factors, which we define as nationality, age (years), number of employees and industry sector. This article tries to identify whether certain HRM practices have stronger significant application than others and whether synergies among such practices in both foreign owned hospitality MNEs and Indian MNEs.

## **II. Literature Review: Theoretical Background And Hypotheses**

As follows from the research questions presented above, we can distinguish two different effects on MNEs' HRM-practices i.e. host and home *country effects*. In the present paper, we concentrate on potential firm specific effects on HRM-practices of both foreign hospitality MNEs subsidiaries' and Indian hospitality MNEs operating in India.

During the recent past different HR scholars have put forth a number of conceptual and theoretical frameworks for conducting HRM research in multinational enterprises. Kostova and Roth (2002) examined institutional and organizational influences on the transference of a quality management program of an American MNC to foreign subsidiaries of the company. They developed national institutional profiles for the host countries in their study, measuring the favorableness or unfavorableness of the of host-country regulatory, normative, and cognitive-cultural environments specifically to the implementation of quality management practices in subsidiaries. Their findings support the relevance of the three institutional dimensions to both the adoption and internalization of quality management practices by foreign subsidiaries. Similarly, Gaur et al. (2007) demonstrated the importance of the host-country environment in affecting subsidiary staffing strategies. More broadly, Björkman et al. (2007) argued that the prevalence of HR practices in foreign subsidiaries depends on the host-country institutional environment to some extent. At the global level they assumed that HRM practices were strongly institutionalized and were viewed as representing "best practices" in the HRM field. However, institutional influences at the host-country level were seen a little supportive and implementation of HRM practices.

There is also a debate over the cross national comparison of HRM practices in MNEs that HRM practices seem to be the most vulnerable to cultural differences and hence the least likely to travel from one country to another while many researchers have demonstrated the influence of national culture on HRM practices ( Rozenweig & Nohria 1994; Sparrow & Hiltrop, 1994). Further, it is observed that HR practices that were found to be similar for the two samples were not considered culture sensitive and it was argued that other factors such as company size, industry, strategy etc. had a greater effect on them. Budhwar and Sparrow (2002) proposed a framework to examine cross-national HRM practices. They suggested three levels of factors influence HRM practices. In MNEs such as national factors (involving national culture, national institutions, business sectors and dynamic business environment); contingent variables (such as age, size, nature, ownership, life-cycle stage of organization); Organisational strategies and policies related to primary HR functions and internal labour market. Similarly, Rosenszweig & Nohria(1994) stated that the degree of similarity to local practices is significantly influenced by the method of founding, dependence on local inputs, the presence of expatriates, and the extent of communication with the parent company. They conclude that HRM practices within MNEs are strongly influenced by country distinctions, firm specific variables, lending support to the argument that HRM practices are differentiated among a MNE's component organizations.

Research evidence indicates that MNC subsidiaries are facing competing pressures for standardisation and conformity to parent company practices on the one hand, and adaptation to local norms on the other (Canals,1995;Budhwar and Khatri,2001; and Rozenweig & Nohria, 1994) therefore with regard to HRM practices, a variety of factors have been found critical in shaping practices in MNC subsidiaries (Budhwar,2004;Poutsma et al.,2006 and Fey and Bjorkman,2001 )

Rosenszweig (2006) observes the tensions between global integration and local responsiveness in the HRM area is still among the key determinants of the degree of HRM conformity. Although not all authors explicitly apply institutional theory in analyzing the similarities and differences between parent company and foreign subsidiary HRM policies, scholars indicated the pressures from the host-country environment may induce the parent company to respond to the local needs in order to gain legitimacy in the host environment (Birkinshaw et al., 1998 and Coller, 1996). Fenton-O'Creivy et al. (2008) analyzed subsidiary autonomy in

determining HRM practices across subsidiaries of American MNCs in Australia and several European countries, in the context of institutional pressures. Weber et al. (1998) found that training and development and pay/benefits were best explained by organisational factors, such as sector, size and corporate strategy, while selection and recruitment were strongly affected by cultural factors. However, there is significant debate in the management and HRM fields among those who argue there are important and persistent differences in HRM practices and organizational structures across countries (Brewster, 2006).

Although many studies have examined the complexity of environmental influences on subsidiary HRM practices, much of the investigation has been centered on different nationalities of MNEs located in a single host country rather than multiple host countries (Caligiuri and Stroh, 1995; Collier, 1996; Ferner, Almond, and Colling, 2005; Rosenzweig and Nohria, 1994). In addition, much of the work has been focused on the perceived influence of the parent company over its subsidiary (e.g., Fenton-O’Creevy, Gooderham, & Nordhaug, 2008) rather than the specific HRM practices being transferred. Such practices come from MNEs that originate from dominant economies (Budhwar and Khatri, 2001) and are considered as more efficient or competitive than local practices (Meisinger, 2006 and Fey & Bjorkman, 2001). In this context, MNEs are considered an important vessel for the transfer of human resource management practices between countries.

The study of the application of human resource management (HRM) practices across country borders has become increasingly important in international HRM research (Brewster, 2006). Research shows that the transfer of HRM practices from multinational enterprises (MNEs) to their foreign subsidiaries may be contingent upon the country-of-origin of the MNEs (Bjorkman, 2004), institutional distances between the local and parent country locations (Gaur, Delios, & Singh, 2007), and the institutional pressures embedded in the local environment (Bjorkman, et al., 2007). Despite extensive evidence exists about the contextual factors related to the similarities or dissimilarities of MNE subsidiary HRM practices across country borders, it is still the case that “little is known about the extent to which high-performance HRM practices are found in foreign subsidiaries across countries” (Bjorkman et al., 2007). Further, several studies with in IHRM have highlighted the existence of differences across individual IHRM practices, emphasising on the need for more research examining HRM practices separately rather than on an aggregate level (De Cieri and Dowling, 1999 ; Ferner, 1994 and Brewster et al., 2000).

Fery et al., (2004) compared HRM practice in Swedish, MNEs in China, Russia and Finland and found differences in the degree of standardisation of individual HRM practices across. Similarly, Myloni et al. (2004) compared HRM in Greek firms and MNCs subsidies located in Greece and found support for their argument that individual subsidiary HRM practices are localised to different degree. These studies provide useful insights into why HRM practices in these MNEs differ in significant ways. This is especially when the host country characterised by high levels of job fragmentation, managerial control over task performance and work organisation, job security, and job-based reward systems. Graham and Trevor (2000) argue that managing compensation in MNCs is difficult due to the varied employee pay expectations and perceptions of pay fairness.

They also suggested a global compensation strategy mixed with local responsiveness is recommended. Poutsma et al. (2006) and Kostova and Roth (2002) demonstrated that MNEs balance standardizing best practices from headquarters with localization of HRM practices. They argued that there is evidence of a country effect whereby MNCs can implement some, but not all, HRM practices in foreign subsidiaries. In other words, there are competing pressures from the host country and other pressures from the country of origin with respect to HRM practices implementation. Schuler *et al.* (1993) stated that MNCs’ approach to their international HRM operations can be *ethnocentric* or *polycentric* according to the extent of experience in managing international operations. They pointed out that companies with more international experience usually have a more diverse set of HRM practices than firms with less experience. Furthermore, they argue that the longer the international experience, the more likely their HR practices are to accommodate local demands while MNCs with limited international experience usually adopt an *ethnocentric* HRM approach.

Nevertheless, analysis of the literature reveals the need for more detailed investigations that explore the interrelationships between IHRM issues and some crucial features affecting MNEs, such as country of origin and country of operation influence, corporate structure and business strategy, HQ-subsidiaries relationships and sector of operation.

Further, empirical studies of HRM practices in both comparative and individual reveal specific nature of HRM systems such as in the case of India, where the present thrust towards human resource development (HRD) created by recent economic reforms (Sparrow & Budhwar, 1997, Chand, 2010). Similarly, the recent Asian economic crisis has also contributed significantly in speeding-up the change of HRM practices and policies. Several studies suggest that a way of understanding differences in HRM policies among MNEs is to differentiate between them in terms of their management style and organisation. HQs’ corporate strategy orientation is likely to have an important influence on the configuration of HRM policies and practices at subsidiary level. However, toward optimizing profitability MNEs perceive that they enjoy some inherent firm-specific competitive advantage over firms operating in other countries (Hymer, 1976; Buckley and Casson,

1976). Such firm-specific advantages may be derived, for example, from economies of scale, nationality, age, no. of employees, ready access to investment capital, and special expertise in marketing, research and development (R&D), logistics, or HRM (Bjorkman et al.,2008; Budhwar and sparroe,2002; and Meisinger,2006).

The above discussion leads us to expect that HRM practices in MNEs located in India will remain in line with the cultural environment and thus will diverge from those practiced in MNC subsidiaries. As previously mentioned, HRM is composed of a range of practices, some of which may converge while others remain divergent. For this reason, a variety of HRM practices including HR planning, selection & recruitment, training & development, performance appraisal and compensation were included in the study; and a set of hypotheses linking such practices with the four dimensions of firm specific factors/ variables such as nationality, age, no. of employees and industry sector were developed.

The study provides two hypotheses in order to analyse how HRM practices of Indian hospitality MNEs differ from those of foreign hospitality MNEs and examine the extent and the way these HRM practices reflect firm specific factors in hospitality multinational enterprises (MNEs):

**Hypothesis 1:** *The extent of HRM practices varies by foreign-owned hospitality MNEs than to the Indian-owned hospitality MNEs.*

**Hypothesis 2:** *There is a positive relationship between HRM practices and firm specific factors of hospitality multinational enterprises such as nationality, age, no. of employees and industry sector.*

### III. Methodology

Using the survey method, we collected data from HR managers of foreign hospitality MNEs subsidiaries and Indian hospitality MNEs. A questionnaire, based on previous work by was developed to assess the various components of a hospitality multinational enterprise HRM practices and pre-tested in a pilot study. For the purpose of this article, only questions that relate to HR planning & strategy, selection & recruitment, training & development, performance appraisal and compensation practices were analysed.

A survey methodology was chosen because it was deemed to be the most efficient way of reaching a large number of respondents, whereas the data required facilitated the use of a mail-administered questionnaire with close-ended questions. In total, 130 hospitality multinational enterprises approached (50 foreign MNEs subsidiaries and 80 Indian MNEs), 70 participated in this study, representing a 53.85% response rate. Of the total sample, usable questionnaires were returned by 28(56 %) respondents were foreign MNEs and 42(52.5%) responds were Indian MNEs.

#### Sample

The total number of responses from foreign MNEs subsidiaries was 28, while data about HRM practices in Indian MNEs were collected from 42 hospitality enterprises. With regard to the foreign MNEs subsidiary parent country were from USA, UK, Swaziland., France and Canada. Table 1 shows a more detailed picture of the parent countries involved. Unfortunately, there is no equal representation of all parent countries in the population and this is reflected in our sample.

In both foreign hospitality MNEs subsidiaries and Indian MNEs, there was an equal representation of hotels /food/beverages, and tourism/ recreational sectors, with the largest number of responses coming from firms operating in hotel/ food/beverages, (Table 1).The majority of both hospitality MNEs have more than 201 employees, although Indian show a larger average size. Differences in size between the two samples are statistically significant. The majority of the participating MNEs (42.87%) had more than 201 employees. The participating foreign MNEs came from 5 different countries. A considerable percentage originated from the USA (39.29%), UK (32.14%), Switzerland (10.71%), France (10.71%) and Canada (7.14 %). Most of the respondents were hotels / food & beverage sectors (61.43%)

Table 1 Distribution of sample according to Population characteristics (n=70)

	Number	Percentage
<b>Nature of MNEs</b>		
Foreign MNEs	28	56.0
Indian MNEs	42	52.5
<b>Age (in years)</b>		
≤ 5-10	38	54.28
11-21	24	34.28

≥ 21	8	11.44
<b>Employees (numbers)</b>		
≤ 100	10	14.28
101 – 200	20	28.27
201 – 500	30	42.87
> 501	10	14.28
<b>Nationality</b>		
USA	11	39.29
UK	9	32.14
Switzerland	3	10.71
France	3	10.71
Canada	2	7.14
<b>Industry sector</b>		
Hotels\ food & beverage	43	61.43
Tourism/ recreational	27	38.57

SOURCE: Primary research by the author

**Measures**

The questionnaire assessed the independent variables with questions about enterprises nationality (Indian hospitality MNEs and Foreign hospitality MNEs subsidiary), age (years), industry sector (hotels /food/beverages, and tourism/ recreational), and size (total workforce). From a list of several items, which capture aspects of most HRM practices, 16 questions were used to measure the constructs included in the hypotheses. A sample of key measures of HR planning & strategy, selection & recruitment, training & development, performance appraisal and compensation, is provided in table 3. In order to test the hypotheses proposed in the present study Chi-square tests, univariate tests and t-tests were used.

**IV. Results and Discussion**

Table 2 provides the correlation between the dependent variable of perceived HRM practices and the independent variables of specific firm’s factors which are positive, ranging from 0.22 to 0.53 and significant. Consistent with prior work, this result provides preliminary support for the first hypothesis. The magnitude of the correlations is generally small to moderate, however, potentially pointing out the difference about the substantive importance of some HRM practices over others. This result also provides initial support for the second hypothesis.

**Table 2: Descriptive statistics and correlations**

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
Foreign hospitality MNEs	6.32	2.97	1.00										
Indian hospitality MNEs	5.07	0.94	0.87**	1.00									
HR strategy	5.83	0.34	0.84*	0.16	1.00								
HR Planning	6.85	0.97	0.96**	0.10	0.11	1.00							
Recruitment & Selection	2.88	0.70	0.56*	0.16	0.17	0.10	1.00						
Training & Development	3.73	0.32	0.70	0.41	0.01	0.01	0.03	1.00					
Performance Appraisal	3.56	0.70	0.74*	0.63	0.07	-0.05	0.11	-0.43	1.00				

Compensation	3.47	0.13	0.82	0.78	0.22	0.34	0.53	-	0.42	1.00		
Ages(years)	5.98	0.34	0.46	0.53	0.24	0.26	0.34	0.33	0.41	0.45	1.00	
Number of Employees	2.65	0.95	0.53	0.40	0.36	0.49	0.43	0.38	0.30	0.48	0.32	1.00
Industry Sectors	2.23	0.75	0.52**	0.41	0.33	0.35	0.33	0.47	0.34	0.52	0.41	1.00

\*\*\*p, .001 (2-tailed); \*\*p, .01 (2-tailed); \*p, .05 (2-tailed)

In order to test the hypotheses, we compared the HRM practices in Indian hospitality MNEs and foreign hospitality MNEs and to test whether there were significant differences among industry sectors (hotels/food & beverage and tourism /recreational), age (years), number of employees have a considerable effects on HRM practices Chi-square tests, t-tests, percentages, and means were used to test the significance levels (table 3). All of the cross-tabulations were statistically significant, indicating that there was meaningful variation in the frequency distributions of responses across of the HRM practices used in both MNEs.

As can be seen in Table 3, these analyses revealed a very few significant differences and only concerned specific variables such as nationality, age, number of employees and industrial sector.

In case of recruitment and selection, Indian MNEs were found to recruit more internally compared to MNEs ( $t = -0.265, p = 0.198$ ). However, the majority of both MNEs follow the same process for hiring employees. Thus, it can be observed that factors other than culture play a more important role in recruiting employees such as labour market conditions or firm size, although we did not find statistically significant differences for the latter. This implies the adaptation of local practice. Further, table 3 shows that interviews, employment test criteria, merit elements, group discuss and multi-skilling are the most commonly used methods in both hospitality MNEs. However, the use of interviews, employment test and multi-skilling are significantly higher in foreign MNEs ( $\chi^2 = 5.402, p = 0.071$  and  $\chi^2 = 4.902, p = 0.074$   $\chi^2 = 4.307, p = 0.076$  respectively). Interestingly, the use of references and recommendations is quite high in Indian MNEs.

With relation to manpower planning practices, it has found that foreign hospitality MNEs use significantly more long term planning than Indian MNEs ( $\chi^2 = 6.230, p = 0.066$ ). Specifically, only 20 % of Indian MNEs make 5 year plans compared to 50 % of foreign MNEs. Similarly, no significant differences were found between foreign hospitality MNEs and Indian MNEs as to whether there is a written or verbal HRM strategy or no strategy at all ( $\chi^2 = 5.301, p = 0.100$ ). Results show a more systematic approach on the part of both MNEs to have a written strategy. Further, it is found that there is no close linkage of manpower planning with corporate planning in Indian MNEs than in foreign MNEs ( $\chi^2 = -0.421, p = 0.018$ ).

Analysis of the data suggests that the training & development practices in the sample respondents were, on the whole, statistically significant. Formal training & development accorded first in foreign MNEs while need based criteria on the top in case of Indian MNEs. Further, there is no significant differences in formal induction and organisational learning in Indian MNEs and foreign MNEs ( $\chi^2 = 2.001, p = 0.000$  and  $\chi^2 = 3.400, p = 0.170$  respectively).

In terms of performance appraisal practices, the primary objective of employee appraisal in Indian MNEs was found to be promotion rather than career development, which is slightly more important for foreign MNEs, differences were not significant ( $t = 0.426, p = 0.031$ ). Similarly, the different methods widely used for appraising employee are reported by both the MNEs as written report, 360 degree feedback and MBO. Significant differences were found in the use of written report, 360 degree feedback and MBO ( $\chi^2 = 4.679, p = 0.000$ ;  $\chi^2 = 7.856, p = 0.170$  and  $\chi^2 = 6.507, p = 0.141$  respectively).

In the area of compensation, foreign MNEs focus on goal achieved as important HRM practices followed by market conditions & company performance. Significant relationship was noticed in the composition of compensation variables ( $\chi^2 = 2.370, p = 0.009$ ;  $\chi^2 = 6.856, p = 0.100$  and  $\chi^2 = 4.507, p = 0.120$ ,  $\chi^2 = 4.811, p = 0.000$  and  $\chi^2 = 2.200, p = 0.150$  respectively).

The results indicate significant differences between the two samples and concluded that the use of systematic HRM practices is lower in Indian hospitality MNEs compared to foreign MNEs, which have more sophisticated practices, often implementing guidelines directed from their parent companies. However, there was no systematic attempt to link firm specific variables with HRM practices in both MNEs operating in India.

Summarising the findings above it may be said that the set of recruitment and selection, manpower planning, training and development, performance appraisal and compensation may constitute the most important HRM practices in the MNEs hospitality enterprises operating in India. In light of these results H1 may be accepted, supporting that there is a set of HRM practices in the MNEs hospitality enterprises that is of most importance.

These results may be similar with the findings of (Sparrow & Budhwar, 1997; Bjorkman et al.,2008; Budhwar and sparroe,2002; Meisinger,2006, and Chand, 2010 ).

The dimensions of ‘age’ and ‘size in employees’ did not produce statistically significant results with respect to the HRM practices variables. However, in case of MNEs having age (11-20) show wide use of most of HRM practices. Similar finding has been found in case of number of employees (201-500). Further, table 3 indicates that larger the size of MNEs more possibility of adopting HRM practices. It is also clear from the table 3 that firm specific factors are more determinants of application of HRM practices.

<b>Table 3: Significance of the differences in the use of HRM practices between Indian hospitality MNEs and Foreign hospitality MNEs, and significant differences according to age, size and category.</b>															
HRM practice	Foreign MNEs (n=28)	Indian MNEs (n=42)	Significance	Age(years)			Sig.	Size (number of employees)			Sig.	Industry Sectors		Sig.	
				≤ 5-10	11-20	> 21		< 100	100-200	201-500	>500		hotel s/food & beverage	tourism/recreation	
<b>Recruitment &amp; Selection Bases of recruitment</b>															
Internal/external	40.2	60.0	0.198	0.0	58.8	41.2	0.071	10.0	54.3	20.6	28.6	0.071	58.8	41.2	0.190
<b>Selection Methods</b>															
Application form	56.3	43.5	0.090	12.5	50.0	37.5	0.009	50.0	21.7	64.7	5.9	0.009	50.0	37.5	0.000
Employment test criteria	52.3	36.6	0.074	62.5	37.0	0.0	0.000	39.0	35.9	70.1	90.9	0.000	60.0	37.5	0.074
Merit element in selection	51.0	41.7	0.171	0.0	90.9	9.1	0.032	90.2	56.3	20.7	44.4	0.032	70.9	52.2	0.170
Group discussion	49.5	33.2	0.000	6.3	68.8	25.0	0.005	0.0	32.5	0.0	7.0	0.005	68.8	55.4	0.000
Interview	57.1	50.7	0.171	28.6	28.6	42.9	0.083	43.3	52.0	6.3	68.3	0.083	72.7	67.3	0.101
References and recommendations	42.3	58.6	0.006	5.1	71.8	23.1	0.002	30.2	34.7	70.4	80.9	0.002	44.4	55.6	0.026
Multi-skilling & experience	58.5	42.7	0.075	20.7	44.4	55.6	0.067	23.7	62.2	30.0	25.9	0.067	55.7	61.2	0.070

<b>Manpower Planning</b>														
Formal manpower planning	93.0	85.2	0.00	54.6	80.3	67.8	0.07	10.0	54.3	20.6	28.6	0.07	37.5	0.100
No HR planning	0.00	0.0	0.05	0.0	10.0	0.0	0.09	28.6	31.4	7.7	0.09	50.0	42.3	
<1 year	24.3	35.4	0.180	20.6	28.6	40.9	0.04	50.0	21.7	7.7	5.9	0.04	29.4	0.006
1							0.123					0.120		
2	23.8	30.6	0.110	7.7	50.0	42.3		39.0	35.9	70.1	90.9		50.9	0.090
							0.034				0.034			
>	37.4	10.5	0.140	64.7	29.5	29.4		90.9	56.3	20.7	44.4		41.6	0.000
							0.006	45.2				0.006	40.238	
HRM strategy	50.3	20.7	0.176	70.1	90.9	65.8			32.5	0.0	7.0			0.170
No strategy	3.8	17.2	0.290	0.0	10.7	0.2	0.82	30.2	34.7	70.4	80.9	0.800	12.49	0.141
Verbal strategy	21.3	35.6	1.420	6.3	68.3	25.9	0.78	10.0	54.3	20.6	28.6	0.78	29.5	0.009
Written strategy	67.2	53.8	0.180	70.4	80.9	55.8	0.98	28.6	31.4	7.7	0.0	50.90	55.32	0.100
<b>Link between HR and corporate planning</b>														
No	2.7	3.7	0.00	7.7	50.0	42.3	0.03	39.23	35.9	70.1	90.9	0.071	7.48	0.000
Yes	71.0	54.5	0.018	64.7	29.5	29.4	0.560	90.9	56.3	20.7	44.4	0.005	56.74	0.150
<b>Training and Development</b>														
Need based T&D criteria	55.3	52.8	0.090	50.0	21.7	64.7	0.05	39.0	35.9	70.1	90.9	0.000	44.455	0.110

Formal system of induction	47.5	45.4	0.00	39.0	35.9	70.1	0.016	90.9	56.3	20.7	44.4	0.032	80.0	44.0	
Learning organisation	54.1	43.8	0.170	90.9	56.3	20.7	0.056	45.2	32.5	0.0	7.0	0.005	79.2	45.8	0.000
Formal training & development	67.3	51.9	0.008	45.2	32.5	0.0	0.056	43.3	52.0	6.3	3	0.008	62.5	37.5	0.000
<b>Performance appraisal</b>															
<b>Appraisal objective</b>															
Promotion / career development	75.1	54.7	0.100	31.4	50.7	7.7	0	0.06	31.4	7.7	0	0.0	64.5	67.3	0.140
<b>Appraisal methods</b>															
Check list	13.4	26.4	0.006	35.9	70.1	90.9	0.071	39.0	21.7	7	5.9	0.007	90.0	41.0	0.019
Non-written feedback	4.9	10.6	0.090	56.3	20.7	44.4	0.054	90.9	56.3	7	4	0.004	28.6	42.9	0.101
Written appraisal reports	75.0	55.2	0.000	32.5	0.0	7.0	0.091	2	32.5	0.0	7.0	0.023	50.0	37.5	0.120
360-degree feedback	56.3	50.5	0.170	52.0	6.3	3	0.043	3	52.0	6.3	3	0.034	56.9	50.2	0.000
Management by Objectives (MBO)	49.4	42.7	0.141	34.7	70.4	80.9	0.030	2	34.7	4	9	0.006	48.3	40.2	0.150
<b>Compensation</b>															
Market condition and company performance	56.6	55.4	0.009	28.6	31.4	7.7	0.028	6	31.4	7.7	0	0.040	40.0	38.5	0.006
Merit element in pay package	55.0	53.5	0.100	50.7	21.6	64.7	0.022	10.0	54.3	6	6	0.078	60.0	57.5	0.000
Goal Achievement	63.2	60.2	0.120	39.0	35.9	70.1	0.089	39.0	35.9	70.1	90.9	0.098	60.9	63.2	0.002
Non-financial incentives	55.1	51.7	0.000	90.9	56.3	20.7	0.005	90.9	56.3	20.7	44.4	0.056	68.8	55.0	0.008
Seniority Important in Pay	43.7	45.9	0.150	54.3	20.7	28.6	0.009	2	32.5	0.0	7.0	0.090	54.2	45.7	0.013

In terms of country differences, it becomes clear from the univariate tests of significance that the countries studied vary significantly in their application of HRM practices such as recruitment & selection, manpower planning, training and development, performance appraisal and compensation. As reported in Table 4, other countries has the lowest average score for the use of recruitment and selection (mean score = 1.10), followed by the UK (mean score = 1.90), with USA having the highest score (mean score = 2.60). With respect to manpower planning, other countries is the lowest user (mean score = 1.00), and the USA is a medium user (mean score = 2.0), whereas UK is by far the highest user (mean score = 2.83). Regarding training & development, the pattern of use changes again, with the other countries being the lowest user (mean score = 1.08), USA the medium user (mean score = 1.80), and UK, again, the highest user (mean score = 2.81). The distribution of responses to the use of training & development is highly variable, with employers in UK showing a very different pattern of use in comparison to both USA and the other countries. In the performance appraisal

practices there is no significant difference between USA and UK. However, in case of compensation UK occupied first position (mean=1.67) followed by other countries (mean=1.56) while USA being the lowest user (mean=1.41). Overall, the country variations show that there is no significant difference across the countries regarding the use of HRM practices.

A number of notable differences are found according to industrial sector, tourism is found to more use recruitment & selection (mean=2.69) compared to hotel (mean=1.62).while in performance appraisal hotel sector found more likely (mean=3.20) than tourism sector (mean=1.87). In all other variables no significant differences were found. Differences between foreign-owned MNEs and domestic –owned MNEs are found only in relation to the use of recruitment and selection. Both Indian MNEs are less likely to use manpower planning (mean scores = 1.65) compared to foreign MNEs (mean score = 2.78).

**Table 4 Distribution of HRM Practices by Country, Sector, and MNC Status**

HRM practice	USA		UK		Others	
	Mean	SD	Mean	SD	Mean	SD
Recruitment & Selection	2.60	1.22	1.90	1.09	2.10	1.37
Manpower Planning	1.93	1.08	2.83	1.57	2.00	1.16
Training and Development	1.80	0.91	2.81	2.21	1.08	1.12
Performance appraisal	2.67	2.04	2.68	2.17	2.72	1.97
Compensation	1.41	1.03	1.67	1.48	1.56	1.40

  

Industry Sector	Hotels/ food & beverage		Tourism/ recreation	
	Mean	SD	Mean	SD
HRM Practices				
Recruitment & Selection	1.62	1.12	2.69	1.56
Manpower Planning	1.88	1.35	1.88	1.37
Training and Development	1.50	1.46	1.55	1.47
Performance appraisal	3.20	1.94	1.87	1.87
Compensation	0.56	1.38	0.51	1.27

  

Organisation Type	Foreign MNEs		Indian MNEs	
	Mean	SD	Mean	SD
HRM Practices				
Recruitment & Selection	2.10	1.39	1.63	1.18
Manpower Planning	1.78	1.25	2.16	1.31
Training and Development	1.48	1.33	1.55	1.62
Performance appraisal	2.82	1.95	2.96	1.99
Compensation	0.56	1.23	0.65	1.53

In all the cases foreign MNEs obtained higher value (Mean and %) compared to its counterpart. In the rest of the cases the differences were not significant although foreign enterprises had always an edge over the Indian MNEs counterparts. Analysis of the data suggests that the HRM practices in the sample enterprises were, on the whole, not well-founded. The practices seem to have evolved from the experienced-based knowledge of the managers. Most managers were able to provide reasoned justification for the practices that they employed.

With regard to HRM practices, we first find no statistical evidence that there is variation in the usage of any of the five HRM practices across countries by MNEs status. That is, any difference in the use of the five practices between foreign-owned MNEs and Indian MNEs is consistent across the countries. We find statistical evidence, however, that the usage of these practices does vary across countries by firm specific variables such as nationality, age, number of employees and industrial sectors. The findings also provide needed implementation guidelines to practitioners for effective HRM practices implementation and gives possible reasons to explain some cases of foreign hospitality MNEs and Indian hospitality MNEs where the perceived benefits fell short of expectations. In light of these results we may accept H2; supporting that foreign hospitality MNEs will be rated higher than Indian hospitality MNEs on HRM practices.

### V. Conclusion and Suggestions

The scope of this paper was twofold. First to compare and explain any differences in the use of HRM practices between foreign hospitality MNEs and Indian hospitality MNEs using India, USA, UK, Swaziland, France and Canada as the basis for analysis. Second, to examine the extent and the way HRM practices reflect firm specific factors such as nationality, age (years), number of employees and industry sector

The major finding with respect to the first objective may be summarised as follows:

Although the use of flexibility HRM practices appears to be increasing in response to global competitive pressures and market uncertainty, the study shows that they are not deployed to the same extent across countries, nor appreciably more so by foreign hospitality MNEs than by Indian hospitality MNEs. Moreover, MNEs are not attempting to diffuse or impose HRM practices on their workforces in host countries or they have been constrained from doing so, because of huge cost or limited benefits of host location.

The major finding with respect to the second objective may be summarised as follows: HRM practices are positively related with firm specific factors. It would appear, therefore, that the effects of nationality, age, number of employee and industrial sector substantially moderate the actions of MNEs. No doubt, host country is the dominant influence on the deployment of HRM practices in MNEs. However, the evidence here would suggest that the diffusion of HRM practices is heavily influenced by firm specific factors that play a significant role in shaping organizational responses and, in turn, the adoption of HR practices. The research confirms that there is a clear evidence of a 'nationality' effect on HRM practices. This study also confirms that an age effect is less dominant than industrial effect in hospitality MNEs. The international HRM practices should be considered carefully. It would be better to say, the HRM systems in the organization depends on the composition of the top management.

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