

Assessing the Impacts of Foreign Direct Investment  
(FDI) on Local Skills Development: The Hotel  
Industry in Siem Reap, Cambodia

Soulina Nam

A thesis submitted to Auckland University of Technology  
in partial fulfillment of the requirements for the degree of  
Master of International Tourism Management (MITM)

2018

School of Hospitality and Tourism

Primary supervisor: Dr David Williamson  
Secondary supervisor: Dr Charles Johnston

## Abstract

Foreign Direct Investment (FDI) capital in tourism has become crucial for Cambodia's economy. Numerous researchers cite the positive impacts of FDI on tourism in host countries, including it as an essential tool for increasing employment opportunities and improving skills and knowledge. However, a number of other researchers discuss the negative impacts of FDI firms on host country. In the Siem Reap context, although it has been the second most attractive area in Cambodia for FDI for more than a decade, developing competence in employability skills among local employees in the province remains challenging. This study assesses the impacts of FDI on local skills development in Siem Reap hotels.

Semi-structured interviews were used to obtain primary data from 18 participants from 10 different hotels in the province. The findings of this study are the first to detail the significant benefits of FDI hotels on the development of Cambodian human capital in the sector. This thesis shows that compared with non-chain and local firms, chain hotels offer better developed training programs as well as staff development programs that benefit employees in their future career development. Moreover, spillover effects, especially those drawn from chain hotels, positively affect workforce skills development through labour mobility, labour competition and motivation. Additionally, value-added benefits of each type of hotel investment were found to significantly contribute to public vocational training systems.

The research concludes that there is a need to improve the link between private and public sectors in order to improve the human capital in tourism professionalism. Collaboration is required, from reviewing policies to establishing

or running public training programs together. Additionally, the study recommends strong consideration of strategic plans for local employee development in foreign enterprises when the government decides whether or not to approve an investment.

## Table of Contents

Abstract .....	i
Table of Contents .....	iii
List of Figures .....	vii
List of Tables .....	viii
List of Abbreviations .....	ix
Attestation of Authorship .....	x
Research Ethics Approval .....	xi
Acknowledgements .....	xii
Chapter 1 Introduction .....	1
1.1 Opening remarks .....	1
1.2 Research aim and objectives .....	3
1.3 Problem statement/Contextual rationale .....	3
1.4 Conceptual rationale and research gap .....	4
1.5 Research significance .....	5
1.6 Research methodology .....	7
1.7 Thesis structure .....	7
Chapter 2 Background to the Study .....	9
2.1 An overview of Cambodia .....	9
2.1.1 Historical stories .....	9
2.1.2 Cambodia today .....	10
2.1.3 Overview of the Cambodia economy .....	12
2.2 Tourism development in Cambodia .....	13
2.3 An overview of Siem Reap .....	16
2.3.1 Tourism development in Siem Reap .....	17
2.3.2 Overview of the accommodation sector in Siem Reap .....	18
2.4 An overview of the Cambodian accommodation workforce—The case of hotels and guesthouses in Siem Reap .....	21
2.4.1 Characteristics of employees .....	21
2.4.2 Characteristics of employers .....	26
2.5 An overview of skills problems in Cambodia .....	28
2.6 An overview of human resource strategic plans in tourism and hospitality professionalism .....	31
2.7 A brief overview of policies towards FDI .....	32

2.8 Summary .....	33
2.8.1 Cambodia's economy .....	33
2.8.2 An overview of the local workforce in the accommodation sector .....	34
2.8.3 An overview of skills problems and related policies.....	34
Chapter 3 Literature Review .....	37
3.1 What is foreign direct investment? .....	37
3.1.1 Definition.....	37
3.1.2 Foreign direct investment bodies.....	38
3.1.3 Foreign direct investment sectors.....	39
3.2 Foreign direct investment in tourism.....	40
3.2.1 Foreign direct investment trends in tourism and hospitality .....	40
3.2.2 The impacts of tourism-related foreign direct investment .....	41
3.3 Employee training.....	50
3.3.1 The importance of employee training.....	50
3.3.2 Incidence of training.....	52
3.3.3 Barriers to training.....	55
3.4 Composition of labour and skills in hospitality .....	56
3.4.1 Composition of workforce in hospitality .....	56
3.4.2 Definition of skills .....	57
3.4.3 Types of skills .....	58
3.4.4 Bundle skills in hospitality .....	58
3.5 Conceptual framework.....	61
3.6 Summary .....	62
3.6.1 Foreign direct investment and human development.....	62
3.6.2 Supports and barriers to training.....	63
3.6.3 Skills needed in hospitality .....	64
Chapter 4 Research Design .....	65
4.1 Research in theories.....	65
4.1.1 Research paradigm.....	65
4.1.2 Ontological and epistemological perspectives .....	67
4.1.3 Research methodology.....	68
4.1.4 Research methods.....	70
4.2 Research in practice .....	73
4.2.1 Pre-field research.....	73
4.2.2 In-field research.....	75
4.2.3 After-field research .....	77

4.3 Summary .....	78
Chapter 5 Findings .....	79
5.1 Introduction.....	79
5.2 Hotel and respondent profiles.....	79
5.2.1 Hotel profiles .....	79
5.2.2 Respondent profiles .....	81
5.3 Comparison of training and development implementation .....	82
5.3.1 Group 1: International chain hotels.....	83
5.3.2 Groups 2 and 3: International independent and local hotels.....	89
5.3.3 Exceptional cases .....	93
5.3.4 Summation.....	95
5.4 Training and development constraints.....	97
5.4.1 Institutional constraints.....	97
5.4.2 External constraints.....	105
5.4.3 Summation.....	109
5.5 Effects on human capital development system .....	110
5.5.1 The impacts of international chain hotels.....	111
5.5.2 Negative impacts on non-chain hotels.....	118
5.5.3 The impacts of non-chain hotels .....	120
5.5.4 Summation.....	123
5.6 Participants' suggestions.....	124
5.6.1 Group 1: International chain hotels.....	125
5.6.2 Group 2: International independent hotels .....	126
5.6.3 Group 3: Local hotels .....	127
5.6.4 Summation.....	129
5.7 Summary .....	129
Chapter 6 Discussion.....	132
6.1 Introduction.....	132
6.2 Who does better? .....	132
6.2.1 Who trains more?.....	132
6.2.2 Nature of training programs and benefits to employees.....	134
6.3 Difficulties in training and development.....	135
6.3.1 Limited employee competence.....	136
6.3.2 Employee personality.....	137
6.3.3 Turnover.....	137
6.3.4 Financial limitation .....	138

6.3.5 Ownership.....	139
6.3.6 Organisational structures .....	140
6.4 Why do chain hotels do more? .....	141
6.4.1 Finances .....	141
6.4.2 Technology and knowledge .....	142
6.4.3 Acknowledgement of training and development benefits.....	142
6.4.4 Prestige practice? .....	143
6.5 The impacts of foreign direct investment hotels on human capital development.....	143
6.5.1 Direct qualitative effects .....	144
6.5.2 Spillover effects.....	147
6.6 Policy-related issues.....	150
6.6.1 Good policy? .....	150
6.6.2 Weak partnership or link.....	151
6.7 Reflection: Which should we welcome? .....	152
Chapter 7 Conclusion and Implications .....	156
7.1 Recapitulation.....	156
7.2 Summary of key research findings .....	157
7.3 Limitations of the study .....	159
7.4 Implications of the study .....	160
7.5 Suggestions for future research.....	161
7.6 Concluding remarks .....	162
References.....	164
Appendix 1. Indicative questions for managers .....	174
Appendix 2. Indicative questions for employees .....	175
Appendix 3. Participant information sheet .....	176
Appendix 4. Consent form.....	179
Appendix 5. AUTECH ethics approval.....	180
Appendix 6. A confirmation letter from supervisor.....	181
Appendix 7. A confirmation letter from MoT .....	182

## List of Figures

Figure 2.1 Map of Cambodia.....	11
Figure 2.2 Percentage of direct contribution of travel and tourism sector to Cambodia GDP .....	15
Figure 2.3 International tourist arrivals and tourism receipts 1993–2016.....	16
Figure 2.4 Foreign visitor arrivals to the regions in 2016.....	17
Figure 2.5 Foreign visitor arrivals to the regions in January to April 2016/2017...18	
Figure 2.6 Amount of investment capital in hotels in Siem Reap 1999–2008.....	20
Figure 2.7 Benefits received by various types of Siem Reap accommodation investors.....	20
Figure 2.8 Age distribution by gender.....	21
Figure 2.9 Vocational/skills training attended by employees .....	23
Figure 2.10 Length of time working of employees .....	24
Figure 2.11 Positions held at work, according to employees.....	26
Figure 2.12 Previous work of employers .....	27
Figure 3.1 System to support the development of skills in the life cycle.....	51
Figure 3.2 Conceptual framework .....	62
Figure 4.1 Research experience in three phases .....	73
Figure 5.1. “Yellowmoon Hotel Group Career” program.....	86
Figure 5.2. Constraints to employee T&D .....	110
Figure 5.3. Direct and spillover effects of international brand hotels through labour mobility .....	116
Figure 5.4. Spillover effects of FDI international brand hotels through labour competition.....	117



## List of Tables

Table 2.1. List of UNESCO world heritages in Cambodia .....	14
Table 5.1: Profile of participating hotels in Siem Reap.....	80
Table 5.2: Profile of respondents by their professional background .....	81
Table 5.3: T&D implementation in all groups of hotels .....	95
Table 5.4: Suggestions from participants for human resource improvement in the province.....	129

## List of Abbreviations

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
CAMFEBA	Cambodian Federation of Employers and Business Associations
CDC	Council for the Development of Cambodia
CIB	Cambodia Investment Board
CSR	Corporate social responsibility
FDI	Foreign direct investment
GDP	Gross domestic product
HR	Human resources
ICC	International Chamber of Commerce
ICT	Information and communications technology
ILO	International Labour Organization
IMF	International Monetary Fund
KHR	Khmer Riel
MNE	Multinational enterprise
MoT	Ministry of Tourism
NGO	Non-governmental organisation
NZD	New Zealand Dollar
OECD	Organisation for Economic Co-operation and Development
RGC	Royal Government of Cambodia
SRPTD	Siem Reap Provincial Tourism Department
T&D	Training and development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNWTO	United Nations World Tourism Organization
USD	United States Dollar
WTTC	World Travel and Tourism Council

## Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements) nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

A handwritten signature in black ink, appearing to read 'Soulina Nam', is written over a horizontal line.

Soulina Nam

## **Research Ethics Approval**

The approval from the AUT Ethic Committee (AUTEK) to interview human participants was received on 22 June 2017. Application number 17/192.

## Acknowledgements

This thesis has been one of the greatest challenges in my academic life. Without assistance from various important people, this work would not have been possible. Hereby, I am using this opportunity to express my gratitude to those people who handed me their assistance.

First and foremost, I would especially like to thank the Government of New Zealand, which sponsored me with financial support through the NZAID scholarship program for my Master in International Tourism Management degree. Without this support, I would never have achieved this.

I would like to express my sincere gratefulness to my supervisors, Dr David Williamson and Dr Charles Johnston. They always gave great guidance and critical advice on my work. Most importantly, they continuously motivated me until I reached this point and never complained. I am very thankful for their time and effort.

I would also like to express appreciation for my director, Samouth Neb, and my former director, Kosal Chea, who assisted me during my field research by facilitating important documents. My special thanks to four colleagues from the Ministry of Tourism (you know who you are), for helping me without hesitation to approach target participants when I was deadlocked in collecting data in Siem Reap. This thesis owes a debt of gratitude to each participant, whom I cannot thank by name.

I thank Dr Hamish Bremner, who encouraged me to dare to do something big from the very first day. I am especially indebted to all members of the AUT scholarship

office, especially Sacha, Margaret and Ruth, for their caring during my stay in New Zealand. To all friends who I have known for decades, for ages, for months and even for days who have shared good and bad times with me in Cambodia and New Zealand, thank you for your emotional support and motivation.

Last but not least, from the bottom of my heart, I would like to extend my genuine thankfulness to my family. Although they have been tough on me, their pure love and care always lay beneath. Without them, I would never ever have reached this point.

# Chapter 1 Introduction

## 1.1 Opening remarks

Since adopting a free-market-oriented system, Cambodia has become one of the most open economies in the developing world (UNCTAD-ICC, 2003). Research suggests that a combination of large markets in the Association of Southeast Asian Nations (ASEAN) community, low labour costs, rich natural resources, a large workforce and impressive tourism assets all play a vital role in attracting foreign investors to Cambodia (Chap & Chheang, 2010; Cheong Tang & Wong, 2011; UNCTAD-ICC, 2003). Foreign direct investment (FDI) is a multiple form of long-term international trade that transfers capital investment, technology, labour, skills and new products from one country to another (Ackovska & Angelovska, 2016; Buckley & Papadopoulos, 1988; Ilie, 2015). FDI has existed in the country since the late 1980s. The Royal Government of Cambodia (RGC) has established a welcoming atmosphere for foreign investment through legislation (Chap & Chheang, 2010; Cheong Tang & Wong, 2011; Chheang, 2008; Cuyvers, Soeng, Plasmans, & Van Den Bulcke, 2011; Cuyvers, Soeng, & Van den Bulcke, 2006; UNCTAD-ICC, 2003). For example, the Law on Investment was introduced in 1994 and special economic zones in some main destinations in the country have also been established.

In the 15 years since adopting the Law on Investment, Cambodia has approved USD<sup>1</sup>25.2 billion in total as inward FDI capital in four investment areas: garment manufacturing, tourism, agriculture and construction (Chap & Chheang, 2010). In 2008, the tourism sector alone received up to USD8.77 billion of inward foreign

---

<sup>1</sup> USD1 = NZD1.38 / USD1 = KHR4,002.8 (23 Mar 2018) (Source: TransferWise, 2018).

investment (CDC, 2017). FDI capital in tourism has become the second largest after garment manufacturing (Cuyvers et al., 2006; UNCTAD-ICC, 2003). Cheong Tang and Wong (2011) and Cuyvers et al. (2011) showed that during 1994 to 2005, 32 countries, the majority of which were from the Asian region (China, Thailand, Hong Kong, Malaysia, etc.), substantially invested in Cambodian manufacturing and tourism-related industries.

Tourism is one of the key sectors boosting the national Cambodian economy. In 2016, Cambodia received over five million visitors, who spent more than USD3.2 billion (MoT, 2016e). The investment level in tourism is substantial because of the increasing reputation of many tourist destinations, especially the Angkor complex in Siem Reap (Cuyvers et al., 2011; Cuyvers et al., 2006; UNCTAD-ICC, 2003). Total investment in the tourism sector accounted for more than USD400 million in 2014 and is forecasted to increase by 14% by 2025 (WTTC, 2015). The Angkor Wat complex and other numerous temples in Siem Reap play the leading role in attracting investors in the Cambodian tourism sector (Cuyvers et al., 2011; Cuyvers et al., 2006; UNCTAD-ICC, 2003).

A recent report by the Asian Development Bank (ADB, 2014a) stated that approximately 54% of the total FDI inflows that were approved by the Cambodia Investment Board (CIB) in 2006–2011 went to the tourism sector. According to Cuyvers et al. (2011), the hotel and restaurant sector is the predominant destination of FDI investment in tourism. The CIB, as cited in Cuyvers et al. (2006), revealed that in the decade after the adoption of the Law on Investment in 1994, the country received almost USD400 million from FDI projects in hotels and restaurants, of which the inward investment capital to Siem Reap alone accounted for nearly USD100 million. Siem Reap has become the second most significant area



for FDI in hotels and restaurants after the capital city, Phnom Penh, because of the famous reputation of the Angkor complex (Cuyvers et al., 2011; Cuyvers et al., 2006).

## **1.2 Research aim and objectives**

The aim of this study was *to explore the impacts of FDI in the hotel industry in Siem Reap, Cambodia, on the skills development of the local workforce*. To achieve the aim, the study had three research objectives:

1. to compare human capital development approaches between foreign-owned hotels (international brand and international independent hotels) and locally owned hotels,
2. to explore the constraints and enablers of human capital development approaches in Siem Reap hotels,
3. to explore the relationship between FDI and human capital development in Siem Reap hotels.

## **1.3 Problem statement/Contextual rationale**

A number of authors suggest that besides boosting job opportunities and local productivity, FDI in tourism is deemed an essential tool to enhance skills and knowledge in host countries, through labour training and skill acquisition (Fortanier & Van Wijk, 2009; Luiz R, 1997). Additionally, literature suggests that FDI firms also develop human capital in host countries through their influence on national or local education systems (Blomstrom & Kokko, 2003; Te Velde & Xenogiani, 2007).

In the Siem Reap context, despite being the second most attractive area for FDI for more than a decade (Cuyvers et al., 2011; Cuyvers et al., 2006), developing

competence among local employees in the province remains challenging. For instance, Bruni, Luch, and Kuoch (2013) found that employability skills such as job-specific skills, language skills, soft skills and customer-handling skills were largely deficient in the province. Additionally, Siem Reap remains one of the poorest provinces in the country (ADB, 2014b).

To address the above issues, developing human resources (HR) is one of the critical solutions, since it relates to the quality of jobs, skills and empowerment for local people, as suggested by the United Nations Development Programme (UNDP, 2011) in a discussion paper. In Cambodia, in particular, it is suggested that in addition to educational and vocational training systems, training provided by the workplace is an effective tool to develop HR (Bruni et al., 2013). Hence, this study argues it is crucial to examine the practice of training and development (T&D) provided by FDI in the industry and its impacts on local HR development in the province.

This research focuses on the accommodation industry because this sector provides the most sizeable benefits to the local community in terms of employment (Meyer, 2007). Likewise, in Siem Reap, the accommodation sector benefits tourism employees the most compared with other sectors such as food and beverage, transport, entertainment and so forth. For instance, in 2008, 70% of the total tourism workforce was employed by the sector (Siem Reap Provincial Department of Tourism [SRPDT], 2009 as cited in Neth, 2011).

#### **1.4 Conceptual rationale and research gap**

Within the literature, the effects of FDI in tourism-related firms on local skills development remain questionable. FDI in tourism is acknowledged to be an essential tool for increasing employment opportunities and improving skills and

knowledge in tourism (Ilie, 2015; Makki & Somwaru, 2004). However, there are criticisms that since the firms are very profit oriented, FDI inflows do not bring strong positive impacts to human development, compared with locally owned businesses, unless there is a restriction in the state FDI policies (Fortanier & Van Wijk, 2009; Reiter & Steensma, 2010). Moreover, it has been found that in some countries, multinational hotels steal the best employees from existing locally owned hotels, and in some cases offer less training than domestic firms (Fortanier & Van Wijk, 2009). Nonetheless, most research in this area has been carried out on general FDI issues and little research has focused directly on the tourism sector (Dwyer & Forsyth, 1994; Endo, 2006; Rios-Morales, Gamberger, Jenkins, & Smuc, 2011).

Moreover, studies about the impacts of international hospitality firms on local skills development in developing countries are limited (Fortanier & Van Wijk, 2009). In previous FDI studies, determining the impacts of FDI on host communities has mostly been undertaken using quantitative analysis (Cuyvers, Soeng, Plasmans, & Van den Bulcke, 2008; Fortanier & Van Wijk, 2009). Furthermore, there are relatively few academic studies on tourism-related FDI in Cambodia, and none focused on Siem Reap. Therefore, to address these gaps, the current study considered the impacts of FDI in the hotel industry on local workforce skills development in Siem Reap Province.

## **1.5 Research significance**

This thesis is significant because it is the first empirical study to investigate the impacts of FDI in the tourism sector on local skills development in Siem Reap, Cambodia. The study investigated staff training activities and training difficulties in FDI hotels and compared them with those of locally owned enterprises. It also

appears to be the first study to explore the broad picture of the effects of FDI on human capital development systems in the province.

The present research has contributed significantly to the gap in the literature. Past studies have pointed out the negative impacts of FDI firms, including crowding out local businesses, providing less training and poaching staff from local firms. However, the present research found and supports some significant benefits of FDI hotels having made changes to host human development. It was found that FDI hotels, especially chain hotels, offer better developed training programs as well as staff development programs that benefit employees in their future career development. FDI chain hotels have sufficient support, including finance, management, knowledge and technology, to run sophisticated staff training activities. Moreover, spillover effects of FDI chain hotels were discovered in this research. Interestingly, the study found a new understanding about the positive relationship between the spillover effects of international chain hotels and the motivation of local workers to develop their competence in order to be employed by these hotels. Discovery of this motivating effect may be a significant contribution to the literature. The study also found the importance of FDI non-chain hotels as a form of social enterprise business in public education for local underprivileged youth.

More importantly, new understanding drawn from this empirical research can contribute to the development of HR in tourism and hospitality professionalism in Cambodia. With this in mind, the results of this study can help the government to build a better understanding of and to note the practice of each type of hotel investment regarding human development. Furthermore, while skilled labour in the tourism and hospitality sector in Cambodia remains limited, the study may

help the country to maximise economic and skills-related benefits from FDI through improving or adjusting policy on and implementation of FDI and HR development in the tourism sector.

## **1.6 Research methodology**

To achieve the aim and objectives, this research employed a qualitative methodology. This approach enabled the researcher to seek the perceptions of employees and management on the impacts of FDI hotels on local human development in Siem Reap. Eighteen participants from 10 upmarket hotels were interviewed using a semi-structured method. On average, each interview lasted around 60 minutes. The respondents were approached by applying a snowball and purposive sampling technique. Collected data were then analysed under a thematic analysis method.

## **1.7 Thesis structure**

This thesis is organised into seven chapters. In this first chapter, the research topic together with the research aim and objectives, the problem statement, the research significance and a summary of the research methodology are introduced. Chapter 2 presents the background to the study and provides context details about Cambodia, the tourism industry and, especially, the accommodation sector in Siem Reap Province.

Chapter 3 is the literature review. The chapter presents literature standpoints, previous research and publications associated with FDI in tourism and its impacts on HR development, as well as an overview of skills needed in the hospitality industry. These sources of information were used to create the interview questions.

Chapter 4 discusses the research design used to achieve the aim and objectives. A qualitative methodology was undertaken in this study. In the chapter, research methodologies in theory are introduced. Then, the research in practice, which describes actual experiences, is discussed. Next, key findings obtained from the field research are presented in Chapter 5. In this chapter, results from semi-structured interviews are narrated in quotation format. Photos and other visual figures are also presented.

Chapter 6 then provides a discussion comparing and contrasting findings from this study with the literature theories and previous research presented in Chapter 3. In addition, the chapter reflects on the background of the study in Chapter 2. Finally, a recapitulation, limitations of the research and implications are provided in the conclusion in Chapter 7.

## Chapter 2 Background to the Study

### 2.1 An overview of Cambodia

#### 2.1.1 Historical stories

Historically, the Cambodian race slowly developed, originally through the combination of the Mon and Khmer groups of southern Indochina (MoT, 2016c). Humans have existed on Cambodian land since 4000 BC (Tourism of Cambodia, 2018). The country has been reported as having its own culture, art forms, alphabets, religions (Hinduism and Buddhism) and architectural styles since the beginning of the first century AD under Indian influence; hence, ancient Cambodia is known as the oldest Indianised country in Southeast Asia (Tourism of Cambodia, 2018). After six centuries, Cambodia was led towards the Angkor Empire era under the regime of powerful kings. The following six centuries were the period when wonderful religious temples, known as the Angkor temple complex, were built. King Jayavarman II was the king who started building Angkor Wat temple in 802 (MoT, 2016c). Afterwards, various renowned kings enriched their capital by constructing more and more sophisticated temples. There are 200 temples all over the Angkorian zone—around 400 square kilometres—in Siem Reap Province (MoT, 2016c). Not only were temples built, but also various superb irrigation systems were built at that time to ensure at least three rice crops per year (Tourism of Cambodia, 2018). King Jayavarman VII (1181–1220) was the most famous Cambodian king in history. Cambodia reached its peak of civilisation during his regime when he ruled all of southern Indochina (MoT, 2016c).

After the death of King Jayavarman VII, Angkor Era began to decline at the beginning of the thirteenth century. Afterwards, Cambodian power dramatically weakened because of the invasion of neighbouring countries, which eventually led

to the obligation to move the capital to Phnom Penh in 1431. In 1863, Cambodia was settled under the French. Later, after independence in 1953, the country went through various name changes under different political regimes:

1. The Kingdom of Cambodia (from 1953 to 1970)
2. The Khmer Republic (from 1970 to 1975)
3. Democratic Kampuchea (under the Pol Pot Genocidal Regime from 1975 to 1979)
4. The People's Republic of Kampuchea (1979–1989)
5. The State of Cambodia (1989–1993)
6. The Kingdom of Cambodia (1993 until now). (MoT, 2016c)

### **2.1.2 Cambodia today**

Today, Cambodia, or as it is officially known, the Kingdom of Cambodia, is located in Southeast Asia and consists of 24 provinces, 26 towns and one capital city, Phnom Penh (Royal Government of Cambodia, 2014). The country had a population of over 16 million in 2017, an increase of 1.54% compared with 2016 (Worldometers, n.d.), and it occupies an area of 181,035 square kilometres. Cambodia is bordered to the west and northwest by Thailand, the northeast by Laos, the east and southeast by Vietnam and the southwest by the Gulf of Thailand (see Figure 2.1). Surrounded by uplands and mountain ranges, Cambodia's landscape is low lying in the central plain.



This content has been removed by the author of this thesis  
for copyright reasons.

Figure 2.1 Map of Cambodia  
Source: Worldatlas (2018)

The major country landmarks are the Tonle Sap or the Great Lake, the largest fresh-water lake in Southeast Asia (Campbell, Poole, Giesen, & Valbo-Jorgensen, 2006) and the Mekong River, the largest river in Cambodia. The Great Lake, one of the most fertilised fresh-water lakes in the world (Bardach, 1959 as cited in Thuok & Nuov, 1996), serves as a basin of the Mekong River's flood water and provides myriad aqua resources for Cambodian livelihood and culture, such as food, transport and irrigation, not to mention fertilising soils for agriculture (Campbell et al., 2006; Matsui, Keskinen, Sokhem, & Nakamura, 2006; Thuok & Nuov, 1996). It is believed that the Angkor temple complex has the strongest cultural association with the Great Lake since it supplied sufficient food and a supportive lifestyle to the Angkorian population during the construction of the temples (Campbell et al., 2006).

Cambodia's climate is dominated by the annual monsoon cycle of rainy and dry seasons, which makes the country hot and warm all year round. Summer usually lasts from November to April, and the rainy season is from May to October. December and January are the coolest months, and the hottest period is in April. While the average temperature is around 27 °C to 28 °C, it can reach 45 °C in April (MoT, 2016f).

There are three modes of transport used to enter Cambodia: by air, by land and by water. International visitors can access the country through Phnom Penh International Airport and Siem Reap International Airport. When travelling by land, Cambodia can be accessed from Thailand (six international border checkpoints), Laos (through the Trapaing Kreal international checkpoint in Stung Treng Province) and Vietnam (nine international checkpoints). Visitors can also enter Cambodia by water. Boats from around the world can be berthed at the Sihanouk International Seaport and the Phnom Penh International Port. It is also possible to access the capital along the Mekong River from Vietnam (MoT, 2016a).

### **2.1.3 Overview of the Cambodia economy**

As ranked by the Economic Freedom Index, Cambodia is one of the most open economies of the developing nations (UNCTAD-ICC, 2003). The country's economy has undergone three distinct periods of progress. First, from 1979, the country was reconstructed following the almost-four-year-long genocide. The second period was from 1993 to 1997. Since 1993, when the constitutional realm was rebuilt, the country economy has speedily grown. Yet in the mid-1997, the economy was suffered from two big disasters, the internal political mishap and the East Asia financial crisis, almost simultaneously. Third, from the second Royal Government of Cambodia (RGC) was formed in 1998 to present, serious reconstructing work

has begun (Chap & Chheang, 2010). The government has been strengthening the country's economic reform program and legal systems since 1999 (UNCTAD-ICC, 2003).

Cambodia accounted for USD1,330 as gross domestic product (GDP) per capita in 2016 (National Institute of Statistics, 2018). In addition, the poverty rate in Cambodia continuously decreases yearly (13.5% in 2014 compared with 2013), and the country reached lower middle-income status in 2015 (World Bank, 2017). Driven by the garment and tourism sectors, the country's strong economy enabled it to sustain an average economic growth rate of 7.6% in 1994–2015 (World Bank, 2017). The economic growth has remained strong yearly, although the country was affected by the global financial recession in 2008.

During the past two decades, the country's economy has depended mainly on four sectors: garments, tourism, construction and agriculture (Guimbert, 2010). In recent years, the agriculture sector gradually dropped from 7.2% in 2012 to 6.9% in 2015, while other sectors experienced an increase. The garment sector (mainly textile, apparel and footwear) increased from 9.8% in 2012 to 10.5% in 2015; construction grew from 6.5% to 8.8% in the same years. The service sector occupied 39.4% of GDP in 2015, of which hotels and restaurants accounted for a 5.36% increase from 5.14% in 2014 (CDC, 2017).

## **2.2 Tourism development in Cambodia**

The tourism sector in Cambodia benefits from both natural and cultural resources. The country has seven national parks, beautiful beaches, a number of ecotourism sites, including the Great Lake and the Mekong River surroundings, and approximately 1,080 ancient temples in 14 provinces, not to mention one of the world's most famous tourist destinations, the Angkor Wat temple complex in Siem

Reap (Chheang, 2008). Recently, Cambodia as a tourist destination has gained in popularity globally since the country won a number of travel awards in 2016, namely, the World’s Best Tourist Destination Award granted by the European Council on Tourism and Trade, “Siem Reap—The Best Destination in Asia”, and “Angkor Wat—The Best Landmark in Asia” both granted by TripAdvisor (MoT, 2016d).

Besides tangible assets, Cambodia has numerous varieties of intangible heritages that play important roles in tourism development in the country. A number of these assets were listed in the world intangible culture heritages by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) (see Table 2.1).

Table 2.1. List of UNESCO world heritages in Cambodia

No.	Name of Property	Asset	Locality	Date of Inscribing
1	Angkor Wat Temple	Tangible Culture	Siem Reap Province	1992
2	Preah Vihear Temple	Tangible Culture	Preah Vihear Province	7 July 2008
3	The Royal Ballet of Cambodia, or “Apsara Dance”	Intangible Culture		2008
4	Sbek Thom, Khmer Shadow Theatre	Intangible Culture		2008
5	Tugging rituals and games	Intangible Culture		2015
6	Chapei Dang Veng (musical tradition)	Intangible Culture		2016

Source: (MoT, 2018)

Tourism has become one of the four national pillars boosting Cambodia’s economic growth (ADB & ILO, 2015). The direct contribution of the tourism industry, including from hotels, travel agents, airlines, restaurants, leisure and other

passenger transportation services, to the Cambodian GDP has steadily increased during recent decades, from 10% in 2005 to 13.5% in 2014, and is predicted to reach over 12% in 2025 (WTTC, 2015) (see Figure 2.2).

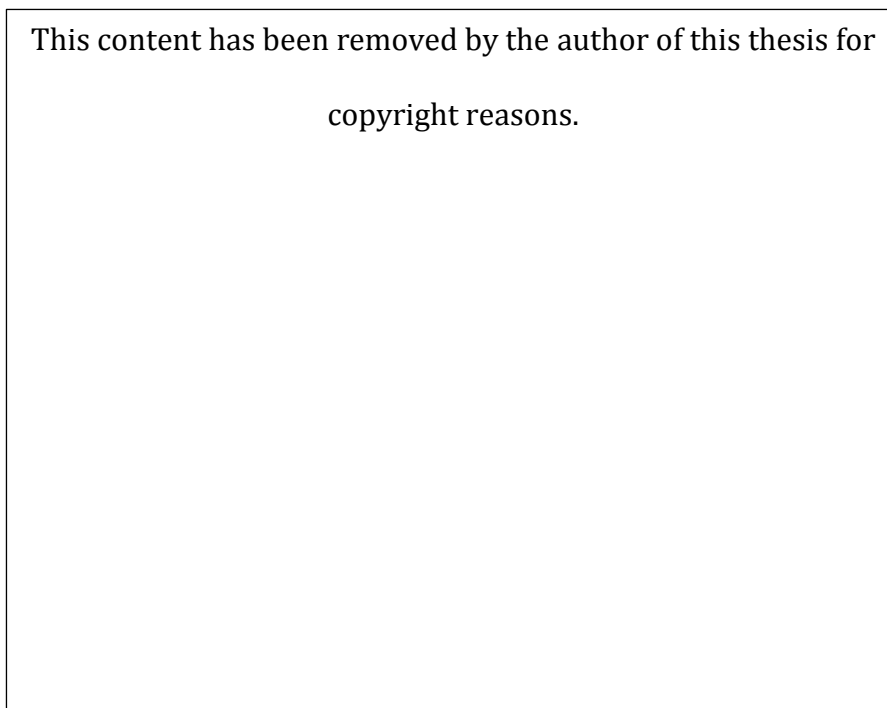


Figure 2.2 Percentage of direct contribution of travel and tourism sector to Cambodia GDP  
Source: WTTC (2015)

Historically, in the 1960s, Cambodia was one of the fastest growing tourist destinations in South-East Asia (Guimbert, 2010). The number of international tourist arrivals dramatically increased during an over-two-decade period, from only 118,183 in 1993 to over five million in 2016, generating over USD3.2 billion direct revenue to the nation (MoT, 2016d) (see Figure 2.3). That is to say, the sector has become the second largest national income generator after textile manufacturing (Chheang, 2008). The industry also offered more than 600,000 direct jobs or 13% of total employment in 2015 (MoT, 2016d), and the number is anticipated to increase to over 1.6 million by in 2025 (WTTC, 2015).

This content has been removed by the author of this thesis for  
copyright reasons.

Figure 2.3 International tourist arrivals and tourism receipts 1993–2016  
Source: MoT (2016e)

Seeing the significance of this fast-growing sector, the RGC has imposed a vision to host approximately seven million international tourist arrivals in 2020 and this number is expected to generate nearly one million direct jobs and roughly USD5 billion in direct income. With this in mind, the government has endorsed a number of visa schemes, including a visa waiver program for ASEAN countries, visa on arrival, and a 25-language electronic visa system for facilitating international tourists (Chap & Chheang, 2010; MoT, 2016b). Additionally, a marketing campaign called “Cambodia—Kingdom of Wonder” was launched in 2006 aiming to promote clean cities and resorts in Cambodia, and good quality tourism services (OECD, 2014).

### **2.3 An overview of Siem Reap**

Siem Reap, home to the renowned Angkor Wat temple complex (one of the world’s heritage sites listed by UNESCO), is located in northwest Cambodia. With this in mind, the province is known as one of the most famous cities in the country. It shares borders with the Tonle Sap in the south, Orddor Meanchey Province in the

north, Banteay Meanchey in the west, and Preah Vehear and Kompong Thom in the east. Siem Reap is situated 314 kilometres away from the capital city and covers a total area of 10,299 square kilometres with 921 villages and a total population of 946,656 (SRPTD, n.d.).

Siem Reap possesses not only the Angkor complex and other ancient temples, providing cultural and historical tourism activities, but also a number of ecotourism sites that offer a wide range of activities, including visiting floating villages at Kampong Phluk Commune, birdwatching at Prek Toal habitats and boat riding on the Great Lake. Nationwide, the province is considered one of the four major tourism development zones, together with the capital city of Phnom Penh, the Sihanoukville coastal zone and the north-eastern ecotourism zone.

### **2.3.1 Tourism development in Siem Reap**

Because of the reputation of the province, Siem Reap attracted over 2,205,274 international tourists in 2016 (an increase of 3.8% compared with 2015) (MoT, 2016e) (see Figure 2.4).

This content has been removed by the author of this thesis for  
copyright reasons.

Figure 2.4 Foreign visitor arrivals to the regions in 2016  
Source: MoT (2016e)

Although annual tourist statistics for 2017 could not be obtained, according to a four-month report (January to April) in 2017, the number of inbound tourists in Siem Reap increased further—11.3% compared with the same period in 2016 (see Figure 2.5). During the past few years, Siem Reap has remained the second most visited destination by international tourists in the country after the capital city.

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.5 Foreign visitor arrivals to the regions in January to April 2016/2017  
Source: MoT (2017b)

Three means of transport are used by foreign visitors to reach Siem Reap: by air with international and domestic airways (68.52% in 2014), by land from Phnom Penh and from Thailand crossing international borders (31%) and via cruise ships from Phnom Penh and Battambang Province (0.48%) (SRPTD, n.d.).

The number of tourism businesses has also increased in line with the rapid growth in numbers of tourist arrivals in the province, providing numerous jobs. According to the Siem Reap Provincial Tourism Department, in 2014, the main tourism businesses operating in Siem Reap included:

- 175 hotels with 11,620 rooms (7.36% increase compared with 2013) providing 9,290 jobs;
- 254 guesthouses with 3,927 rooms (16% increase) and 1,558 employees;
- 191 restaurants or 17,283 seats (7.3% increase) offering 3,179 jobs;
- 69 travel agencies with 271 branch offices providing 2,110 occupations;
- 54 spa and massage places with 646 beds and 729 staff; and
- 15 Karaoke businesses of 268 rooms offering 731 jobs.

### **2.3.2 Overview of the accommodation sector in Siem Reap**

According to the SRPTD (2008) as cited in Neth (2011), tourist accommodations are classified into seven types in Cambodia, namely (i) hotels, (ii) motels, (iii) lodges, (iv) bungalows, (v) guesthouses, (vi) homestays and (vii) camping sites. During 2008, hotels and guesthouse businesses in Siem Reap were reported to be vulnerable because of a rapid drop in the number of visitors and the effects of the global economic crisis (Neth, 2011). In response, a number of hotels and large



guesthouses have been reported to have downsized their staff, reducing staff working hours as well as moderating their room prices. It was forecasted that the number of accommodation enterprises would continue to decline through to 2010 (Neth, 2011). Despite this, regarding the hotel industry alone, unpublished data obtained from the Ministry of Tourism (MoT) claimed that the number of hotels in the province increased to 212 with a total of 15,469 rooms by September 2017. The hotels offered employment opportunities to 11,489 employees (MoT, 2017a).

Because of the famous reputation of the Angkor complex, the inward investment capital in hotels and restaurants to Siem Reap alone accounted for nearly USD100 million compared with the total USD400 million that Cambodia received during the decade following 1994. The province has therefore become the second most significant area for FDI in the hotel and restaurant sectors after the capital city, Phnom Penh (Cuyvers et al., 2011; Cuyvers et al., 2006). The SRPTD (2008) as cited in Neth (2011) claimed that there were 115 hotels in the province in 2008, of which 19.4% were owned by foreign investors from South Korea (22.72%), France (22.72%), the United Kingdom (13.63%), Thailand (13.63%), Malaysia (13.63%), Australia (13.63%) and other countries in Europe. The foreign capital investment in hotels alone accounted for over USD33 million in 2008 (SRPTD, 2008 as cited in Neth, 2011) (see Figure 2.6). Although updated data on capital investment in the industry in Siem Reap could not be obtained, the amount is believed to have increased because of the growth of investment in the tourism sector in the country. The WTTC forecasted 14% growth of tourism investment by 2025 (WTTC, 2015).

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.6 Amount of investment capital in hotels in Siem Reap 1999–2008  
Source: SRPTD (2008) as cited in Neth (2011)

Neth (2011) study, conducted with 100 accommodations, identified six types of investors in the province. In hotel investment, 15% were foreign investors, 1% was owned by Cambodian–foreigner shareholders and 47% were run by domestic investors (elite entrepreneurs). It was discovered that hotels that were fully foreign owned or transnationally (Cambodian–foreigner) owned profited the most compared with the local firms (see Figure 2.7). The same study also concluded that there is some economic leakage to foreign investors in the industry, two sources of which are the importing of inputs from foreign countries (43%) and the payment of wages to foreign staff (8%) (Neth, 2011).

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.7 Benefits received by various types of Siem Reap accommodation investors  
Source: Neth (2011)

## **2.4 An overview of the Cambodian accommodation workforce— The case of hotels and guesthouses in Siem Reap**

Using a previous empirical study (surveys with 370 workers and 17 employers from 36 accommodation establishments, from budget to upscale) of recruitment practices and working conditions conducted by the International Labour Organization (ILO, 2006) and the study by Neth (2011) (survey questionnaires with 100 accommodation owners/managers and nine in-depth expert interviews), this section first illustrates the characteristics of employees, including their profiles, work histories and working conditions. Then, the last part of the section demonstrates the employers' characteristics.

### **2.4.1 Characteristics of employees**

#### **2.4.1.1 Profiles**

The numbers of male and female staff working in the hotels and guesthouses in the ILO study were almost equal, forming the proportion of 49.1% and 50.9% respectively. The majority of the staff were in the 22–25 age group. Figure 2.8 below illustrates the distribution of age group by gender.

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.8 Age distribution by gender  
Source: ILO (2006)

The majority of employees were Siem Reap residents, accounting for 72% of the total respondents. The remainder came from 18 other provinces. Of note is that with the intensive tourism activities in Siem Reap, much of the labour migrated to the province for work (ILO, 2006). Foreign regions such as Europe, Canada and Australia also supplied skilled expatriates; however, the number dropped to 7% of the total participant enterprises in the study (Neth, 2011). Neth's study also revealed that there was a dramatic decline in the number of foreign staff working in Siem Reap hotels (60% to 70%) during the past three to five years (The SRPTD, 2008 as cited in Neth, 2011).

According to the ILO (2006), more than one-third of employees completed the upper secondary level of education (Grades 10–12), and the other 38% reached only the lower secondary level (Grades 7–9). Only 10% attended university institutions. According to all worker respondents, only 31% (ranging from office to blue-collar types) attended vocational training prior to or while working. For the former, this included computer skills, accounting, accommodation-related work skills, management and so on. For the latter, these were repair skills, driving and electricity-related work. Figure 2.9 shows the vocational or skills training attended by the employees.

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.9 Vocational/skills training attended by employees  
Source: ILO (2006)

#### **2.4.1.2 Work histories**

The majority of workers did not have a job before their current work (accounting for 35.8%). For those who did, most worked in agriculture-related jobs (18% of total sample), followed by those who worked for another accommodation firm (14% of total sample). Regarding working decisions, over one-third of employees decided to work for the sector on their own, and a similar number were influenced by their family and other close relatives. In relation to length of time in current work, the average time spent working in the sector was 1.67 years, ranging from less than a year to eight years. The majority of the workers had been working in the industry for less than three years. Figure 2.10 illustrates the length of time working distributed by gender.

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.10 Length of time working of employees  
Source: ILO (2006)

#### **2.4.1.3 Working conditions**

Almost all of the employees reported that they were working full-time. In terms of working hours, 70% of the worker respondents claimed that they worked more than eight hours during peak times (from September to March and during Khmer New Year). During usual times, the majority worked eight hours per day (ILO, 2006). Mostly employees in low-skilled and semi-skilled positions were prone to staff downsizing and salary cuts, especially in low seasons or during business deceleration (Neth, 2011).

In terms of earnings, almost all employees were paid by monthly based salaries. The amount of the salaries for the local workforce ranged from USD37 and below to USD75 and more. The majority earned between USD37 and USD75, followed by the proportion who earned more than USD75. The differences can be attributed to the type of firm they worked for. The employees who worked for bigger hotels reported receiving higher pay (ILO, 2006). Compared with foreign labour, Cambodian employees always received lower wages despite performing the same

roles at professional and management levels in the hotel industry. For instance, Cambodian staff who worked in professional positions earned between USD500 and USD1,000 per month as the standard salary range, while foreigners could receive from USD2,000 to USD4,000 (Neth, 2011).

In relation to position in the industry, Figure 2.11 below presents a cross-section of hotel and guesthouse employees. Of these, 26% worked at the front desk or in the office; the other 23% worked in food and beverage outlets (ILO, 2006). Managerial and supervisory staff among local residents in the province are rare because of the lack of hospitality management skills and poor educational background (Neth, 2011).

This content has been removed by the author of this thesis for copyright reasons.

Figure 2.11 Positions held at work, according to employees  
Source: ILO (2006)

## **2.4.2 Characteristics of employers**

### **2.4.2.1 Profile**

In the ILO (2006) study, among the 17 employer respondents, six (or 47%) attended university institutes. Six of the employers were employed by larger firms, ranging from mid-range to deluxe and upscale hotels. The occupational histories of employers were diverse, ranging from private company employees to government officer and agricultural workers.

Figure 2.12 below represents the diversity of work history of employer respondents. In terms of earnings, three managers who were working for mid-range and upscale hotels earned from USD350 to USD1,000. Those who owned



budget accommodation types generated from USD65 to USD4,000 income per month. Of note is that room rates for hotels ranged from USD15 to USD1,900 and for guesthouses from USD3 to USD35 (Neth, 2011).

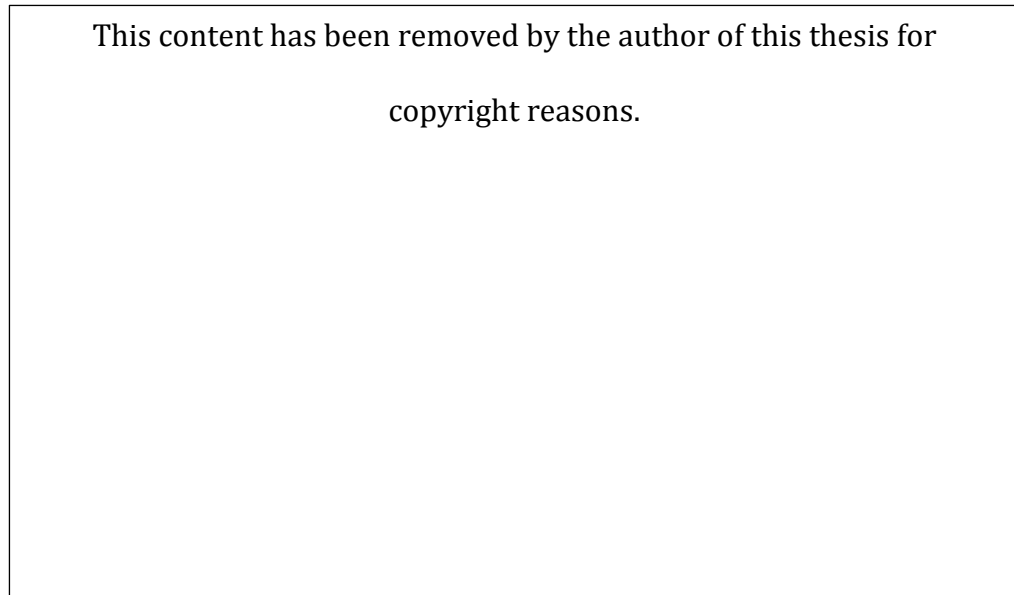


Figure 2.12 Previous work of employers  
Source: ILO (2006)

#### **2.4.2.2 Attitudes towards local employees**

The study by Neth (2011) indicated that when recruiting, employers were likely to prioritise the commitment of staff, interpersonal and hospitality skills, ability to work in diverse conditions and work experience, followed by competence in a foreign language. In the majority of domestic establishments, the skills, knowledge and experience of candidates were considered to be just fairly important for the selection process because later these staff members would attend on-the-job training, which was believed to be substantial for practical performance. In contrast, foreign-owned enterprises (both fully and partly owned) considered the quality of candidates to be very influential to ensure their service quality as well as increase in their economic turnover.

Although the participant accommodation owners claimed they contributed to local development, the study found that their expenditure to local community was quite low. For instance, the average percentage of annual expenses on staff salaries was

about 10%–20% and on social or community development it was less than 10%. Moreover, it was found that although they understood the benefits of staff training on employee performance and profit maximising, the majority of employers were not willing to invest in developing employee training programs (Neth, 2011).

## **2.5 An overview of skills problems in Cambodia**

Cambodia still faces HR problems in terms of skill shortages (Cheong Tang & Wong, 2011; Jeong, 2014) even for low- and medium-skilled industries, including tourism and hospitality (Madhur, 2014). In a broad view, because the country still receives substantial economic benefits from clothing exports, Cambodia expects to keep attracting the low-skill, labour-intensive industries that rely on low labour costs. This has been slowing down the willingness to change from low-tech manufacturing, agriculture and tourism to higher-technology-based industries, eventually discouraging investment in skills (World Bank, 2012).

There has been a skill mismatch between the supply side and the demand side. A survey of 220 employers conducted by the Cambodian Federation of Employers and Business Associations (CAMFEBA, 2008) indicated that very few university graduates have the right skills for the job market. Another study conducted by HRINC (2011) confirmed this. It was found that 93% of respondents (78 employers) agreed that there was a huge shortage of “the right skills” among university graduates. This was also the case for vocational training graduates; employers in both studies reported inadequacy in the necessary set of employability skills (CAMFEBA, 2008 and HRINC, 2011 as cited in World Bank, 2012).

As cited in World Bank (2012), the HRINC (2011) survey also emphasised that, in general, the greatest skills shortages are in senior management, middle

management, supervisory and professional skills. For instance, over 70% of respondents reported a lack in top management skills, 36% in middle management or supervisory skills, and 34% in professional staff. Regarding the tourism and hospitality sector specifically, Bruni et al. (2013) and High Impact Tourism Training (n.d.) pointed out that the majority of employers in Cambodia complained about the deficiency of good customer service attitudes, communication skills and foreign language competence among the bottom line workforce serving in the sector. Similarly, Madhur (2014) pointed out that besides a hard skill or technical skill shortage, soft skills are also seen as inadequate, making it difficult for firms to recruit required staff.

In the Siem Reap accommodation sector in particular, the study by Neth (2011) indicated that the majority of local workers were likely to work in low-skilled and semi-skilled positions that were low-paid and less secure jobs. In contrast, over half of the immigrant workforce from other provinces and almost all of the foreign staff were employed at supervisory or professional levels. Siem Reap local residents were found to be holding managerial-level positions mostly in small-scale businesses; however, the number dramatically fell in large-scale enterprises. Neth (2011) suggests this may be the lack of competences among the Siem Reap local workforce, which might be a result of the inadequate training opportunities and affordable hospitality training and education programs in the province.

To address some of these gaps, it has been suggested that, in addition to educational and vocational training programs, training provided by the workplace is an effective tool to develop HR in Cambodia (Bruni et al., 2013). It was found that many employers also provided formal training to their staff on employability skills that mostly were not taught in schools or vocational training institutes (CAMFEBA,

2008 as cited in World Bank, 2012). The prioritised skills provided by employers included technical skills, communication, teamwork and leadership, marketing, sales, problem-solving and customer service skills (CAMFEBA, 2008 as cited in World Bank, 2012).

Previous studies have pointed out the value of social enterprise in skills development and economic growth in Cambodia. While Cambodia has remained weak in providing sufficient social services to its residents (Ty, Walsh, & Anurit, 2014) and has experienced long-running problems regarding inadequate quality education (Cheng, 2015), social enterprises have become a new solution (Ty et al., 2014). Social enterprise is defined as a mixed business model that invests its profits into its social mission (Defourny, 2004 and Yunus, 2010 as cited in Cheng, 2015). This form of business can help the government deal with social issues, specifically unemployment, by creating jobs especially for disadvantaged people (Ty et al., 2014) and the young workforce (Cheng, 2015). Moreover, such enterprises are the place where individuals acquire know-how skills, interpersonal skills and vision for the future to be a good citizen (Ty et al., 2014). These are the places where young workers are able to experience decent work values and later learn to carry out greater responsibility in society (Cheng, 2015).

A study of more than 500 establishments in six sectors in the country conducted by Bruni et al. (2013) indicated that difficulty in arranging training is caused by a lack of information (49% of establishments), the low quality of courses and trainers (29%), and a lack of courses and trainers (29%), while 59% of the establishments reported “other reasons” for the difficulty, which left the researcher with some doubts. Another survey conducted by HRINC (2011) identified that major constraints for most respondents to providing good training included the lack of

good training providers, a lack of information about training opportunities, high training costs, high employee turnover and a lack of time. These difficulties were less likely to occur in larger firms (HRINC, 2011 as cited in World Bank, 2012).

## **2.6 An overview of human resource strategic plans in tourism and hospitality professionalism**

To strengthen HR in the tourism and hospitality sector, the RGC has designed various policies and action plans to be implemented at a national level. For instance, in 2015, the *Human Resource Strategic Plan in Tourism and Hospitality Professionalism 2015–2020* was set (MoT, 2015). The strategic plans were designed to focus on the following seven objectives:

1. Raising awareness of tourism and increasing training: this is to expand knowledge about tourism among the public and private sectors about sustainable and responsible tourism. Moreover, training courses related to hospitality skills will be increased and provided to all stakeholders, including private sectors and governmental agents.
2. Enhancing the quality of tourism and hospitality training: to achieve this, four actions will be taken: (i) developing standards for tourism and hospitality training curricula; (ii) certifying training centres, trainers and assessors; (iii) certifying training programs in private small and medium-sized firms; and (iv) monitoring, assessing, recognising and certifying tourism and hospitality professionals.
3. Improving physical support: this is to build more educational and vocational training institutions. The objective also focuses on creating tourism training funds for underprivileged students in the country.

4. Updating the labour market and training: this is to research information about labour markets in the tourism sector on both the supply and the demand sides, and to enlarge information on employment opportunities to the public.
5. Establishing a technology system to control information: tourism professionals, professors, trainers and assessors will be registered in the system. Moreover, labour markets in the sector will be monitored in the system and will be promoted through various social media networks.
6. Improving collaboration and partnership: the ministry will continue seeking international development partners as well as encouraging the private sector to invest in establishing more vocational training institutions because the country needs around 800,000 trained workers by 2020 for the sector.
7. Enforcing laws and regulations about job and training effectiveness: this is to ensure the good performance of the workforce. In this objective, the ministry is considering setting a minimum wage for tourism workers in order to encourage them and to attract more labour to the sector. Codes of conduct for tourism professionals will also be organised. (MoT, 2015)

## **2.7 A brief overview of policies towards FDI**

According to the Council for the Development of Cambodia (CDC), FDI-related laws and regulations are typically designed to encourage investment in Cambodia. All FDIs, except for land ownership, are treated on a non-discriminatory basis. Investors who are given Final Registration Certificates will benefit from a number of incentives, including a profit tax exemption. However, the following investment projects are not eligible for the investment incentives:

- all kinds of commercial activity, including import, export, wholesale and retail business, and duty free shops;
- any transportation services by waterway, road or air except the railway sector;
- restaurants, karaoke parlours, bars, nightclubs, massage parlour, fitness, etc.;
- tourism services;
- casino and gambling businesses;
- currency and financial businesses and services such as banks, financial institutions and insurance companies;
- activities related to newspaper and media, including radio, television, press, magazine, etc.;
- professional services;
- production and processing of wood products using wood from natural forests with a legal domestic supply source for raw materials;
- complex resorts, including hotels, theme parks, sport facilities, zoos with less than 50 hectares;
- hotel below 3-star grade;
- real estate developments and warehouses facilities. (CDC, 2017)

## **2.8 Summary**

### **2.8.1 Cambodia's economy**

The Kingdom of Cambodia is located in Southeast Asia and occupies 181,035 square kilometres. The country consists of 24 provinces, 26 towns and one capital city, Phnom Penh. In 2017, the total population was 16 million. Cambodia's economy is considered one of the most open in the developing world. During the past two decades, the country's economy depended mainly on four sectors, including the tourism sector. This sector contributed 13.5% of GDP in 2014, and provided more than 600,000 direct jobs or 13% of total employment in 2015. The country has also welcomed a lot of foreign investment in the sector. In 2008, the tourism sector alone received up to USD8.77 billion of inward FDI. Siem Reap has

become the second most significant area for FDI in hotel and restaurant industries in the country after the capital city, Phnom Penh.

The government has established a welcoming atmosphere for FDI through legislation. For example, FDI-related laws and regulations are typically designed to encourage investment in Cambodia. All FDIs, except for land ownership, are treated on a non-discriminatory basis. Investors will benefit from a number of incentives. These incentives include a profit tax exemption.

### **2.8.2 An overview of the local workforce in the accommodation sector**

The majority of hospitality workers in Siem Reap are local residents. There are also many workers who have migrated from other provinces. Foreigners have also contributed to the labour proportion; however, the number has dramatically declined. Regarding educational background, most employees obtained secondary school level, and only 10% graduated from university. In terms of working positions, managerial and supervisory staff among local residents in the province are rare because of the lack of hospitality management skills and poor educational background. Those who mostly work in low-skilled and semi-skilled positions are prone to staff downsizing and salary cuts, especially in the low season or during business deceleration. The contribution of employers to local community is quite low. Moreover, the majority of employers were not willing to invest in developing employee training programs although they understood the benefits of staff training maximising profits.

### **2.8.3 An overview of skills problems and related policies**

Cambodia still faces skill shortages even for low- and medium-skilled industries, including tourism and hospitality. There has been a skill mismatch between the supply side and the demand side. Very few university graduates have the right



skills for the job market. In general, the greatest skills shortages are in senior management, middle management, supervisory and professional skills. Regarding the tourism and hospitality sector specifically, studies have also pointed out the deficiency of good customer service attitudes, communication skills and foreign language competence among the bottom line workforce serving in the sector. In the Siem Reap accommodation sector in particular, a previous study indicated that the majority of local workers are likely to work in low-skilled and semi-skilled positions that are low paid and less secure. Siem Reap local residents were found to hold managerial-level roles mostly in small-scale businesses; however, the number dramatically fell in large-scale enterprises.

To address some of these gaps, it has been suggested that training provided by workplaces is also an effective tool to develop HR in Cambodia. The workplace as a form of social enterprise has been raised as a new solution while Cambodia has remained weak in providing sufficient social services to its residents and has experienced long-term problems due to inadequate quality education. The enterprises are the place where young workers are able to experience decent work values and later learn to carry out greater responsibility in society.

The MoT has set some related policies as well as action plans to address the HR issues in tourism. For instance, in 2015, the *Human Resource Strategic Plan in Tourism and Hospitality Professionalism 2015–2020* was designated. The strategic plans focus on seven actions: (i) raising awareness of tourism and increasing training, (ii) enhancing the quality of tourism and hospitality training, (iii) improving physical support, (iv) updating the labour market and training, (v) establishing a technology system to control information, (vi) improving

collaboration and partnership, and (vii) enforcing laws and regulations on job and training effectiveness.

## Chapter 3 Literature Review

### 3.1 What is foreign direct investment?

#### 3.1.1 Definition

In 1998, FDI was contributing nearly two-thirds of the total global private external capital flows and has consistently been growing for the past few decades (UNCTAD, 2003 as cited in Reiter & Steensma, 2010). In 2015, FDI flows increased by 38% to their highest level (after the global economic and financial calamity of 2008–2009) and accounted for USD1.76 trillion (UNCTAD, 2016). The largest FDI recipient region was developing countries in Asia, which received USD541 billion of FDI inflows, an increase of 16% in 2015 from 2014 (UNCTAD, 2016).

For the purpose of this thesis, FDI is operationally identified as trade across borders that consists of some amount of foreign capital and plays an important role regarding assets, labour, knowledge and skills development in the host economy. The definition is framed by a number of conceptual perspectives. A study by Buckley and Papadopoulos (1988), which was probably the first study on FDI, labelled FDI as a superior method of conducting cross-border business that occurs at a particular place because business activities can be performed more efficiently at a lower cost. To set the world standards for statistical offices in collecting FDI statistics, in 2008 a joint workforce of two international organisations, the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), published a fourth revision of the *OECD Benchmark Definition of FDI*. The technical definition of FDI in this publication is the definition most broadly accepted (Contessi & Weinberger, 2009): “the objective of establishing a lasting interest by a resident enterprise in one economy

(direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor” (OECD, 2008, p. 48). The lasting interest refers to a long-term relationship between the investor, the enterprise and an influence on management. An extension of the relationship is indicated by an ownership of 10% or more of a total firm’s capital (Contessi & Weinberger, 2009; OECD, 2008).

A number of other authors define FDI in a similar way, as a multiple form of long-term international trade in which capital investment, technology, skills, labour, business and managerial knowledge and new products transfer from one country to another (Ackovska & Angelovska, 2016; Buckley & Papadopoulos, 1988; Ilie, 2015). Typically, this occurs from developed to developing nations (Cuyvers et al., 2008; Makki & Somwaru, 2004).

### **3.1.2 Foreign direct investment bodies**

The OECD (2008) defines a foreign direct investor as an institutional unit of one economy that attains at least 10% of the voting power of a company in another economy. This can be classified as an individual; a group of related individuals; an incorporated or unincorporated enterprise; a public or private enterprise; a group of related enterprises; a government body; an estate, trust or other societal organisation; or any combination of the above (pp. 49–50).

There are three basic types of enterprises related to direct investment activities, according to the OECD (2008):

1. A subsidiary is an enterprise in which the investor has control of more than 50% of the voting power.
2. An associate is an enterprise in which the investor has control of at least 10% of the voting power and no more than 50%.

3. Fellow enterprises are enterprises that do not have enough (or any) voting power in each other to constitute FDI influence by having a common parent.  
(p. 57)

### **3.1.3 Foreign direct investment sectors**

According to Duce (2003), FDI can be categorised based on three aspects: (i) the instrument used, (ii) the direction of the investment and (iii) the sector. The instrument is defined as investment capital that is provided by a direct investor to an investment enterprise and received from the enterprise. The direction refers to home and host perspectives, where financial extension flows from companies in one country to their affiliated firms in another country (Duce, 2003). In regard to the flow, Contessi and Weinberger (2009) classify the flow of assets as inward FDI from the host economy perspective, while recording them as outward FDI from the home economy. As for sector breakdown, Duce (2003) disclosed the difference in aspects between the IMF and the OECD. The IMF has categorised FDI into four institutional sectors: monetary authority, banks, general government and other resident sector. In contrast, the OECD has chosen nine industrial sectors in which to break down FDI:

1. agriculture, hunting, forestry and fishing;
2. mining and quarrying;
3. manufacturing;
4. electricity, gas and water;
5. construction;
6. wholesale and retail trade and restaurants and hotels;
7. transport, storage and communications;
8. financing, real state and business services;
9. community, social and personal services.

Traditionally, FDI was focused on the primary sector and resource-based manufacturing; hence, natural resources in the host countries were the most

important key determinant of FDI activity (UNCTAD, 1998 as cited in Reiter & Steensma, 2010). During the 1980s, FDI movement shifted towards the service sector (Reiter & Steensma, 2010), making it the biggest FDI recipient sector, accounting for 64%, followed by manufacturing and the primary sector, which covered 27% and 7% respectively of global FDI stock (UNCTAD, 2016).

### **3.2 Foreign direct investment in tourism**

According to the United Nations World Tourism Organization (UNWTO, 2016b), expansion and diversification of tourism has continuously grown, making it one of the largest and fastest-growing economic sectors globally over the past half century. Numerical data of the UNWTO report show that the number of international tourist arrivals increased in 2015 by 4.6%, accounting for 1,186 million arrivals, and created USD1,260 billion in international tourism receipts (UNWTO, 2016b). For many developing countries around the world, tourism is deemed an effectively promising tool that adds value to economic and HR development since, among many things, it generates income, promotes economic diversification and creates numerous job opportunities, including for young people and women (ILO, 2001; UNCTAD, 2016).

#### **3.2.1 Foreign direct investment trends in tourism and hospitality**

According to the United Nations Conference on Trade and Development (UNCTAD) report in 2007, three broad trends determine FDI activity in tourism in developing nations. First, hotels and restaurants appear to be receiving the most FDI stocks, followed by air and water transport services (Ilie, 2015), whereas other activities such as tour operations and similar, cultural, sports and recreational services attract less interest from foreign investors (Endo, 2006; Ilie, 2015; UNCTAD, 2007). Secondly, FDI in tourism flows primarily into developed countries rather than

developing ones. For example, in 2002, 90% of FDI stocks in hotels and restaurants generated by developed countries flew only 26% to the developing world (UNCTAD, 2004 as cited in Endo, 2006). Lastly, despite this, tourism-related FDI in developing countries has experienced remarkable growth lately. According to data collected by UNCTAD (2007), inward FDI stocks in tourism have increased up to 10 times or more in countries where international tourism is dramatically rising. Moreover, UNCTAD-ICC (2003) argued that the rate of profit returns on investment in less developed nations is considerably higher than investments in developed countries. This may be because in developing countries the possibility of accessing a wider market and consuming less expensive, abundant resources is high (Cuyvers et al., 2006; OECD, 2008).

### **3.2.2 The impacts of tourism-related foreign direct investment**

Because the level of FDI in tourism and hospitality in less developed countries is rapidly growing, a considerable amount of literature has been published on the association between FDI and host communities. These studies point out both drawbacks and advantages of the foreign tourism transactions for host countries.

On the positive side, FDI in tourism is acknowledged to be an essential tool for sustainable development in social and economic dimensions in developing and least developed nations (Bruni et al., 2013; UNCTAD, 2007). Because capital, technology and knowledge on how to access global markets is commonly insufficient in developing countries, FDI has become especially important as a major stimulant of economic growth since FDI not only encourages financing flows, but can also boost local productivity, improve competitiveness and entrepreneurship, and eventually eliminate poverty through economic growth and development (Endo, 2006; Karimi, Yusop, & Law, 2010; Makki & Somwaru, 2004;

Noorbakhsh, Paloni, & Youssef, 2001; OECD, 2002). In addition, FDI in tourism increases employment opportunities and facilitates the development of human capital and institutions in the sector in the host country (Ilie, 2015; Makki & Somwaru, 2004). The positive impacts of FDI firms in the tourism sector on local HR are detailed in the following sections.

### **3.2.2.1 The positive impacts of foreign direct investment on local human resources**

A number of studies about multinational enterprises (MNEs) and host employment have demonstrated that the effects of MNEs on local employment can be investigated through qualitative and quantitative dimensions (Radošević, Varblane, & Mickiewicz, 2003) and the consequences occur both directly and indirectly (Baldwin, Braconier, & Forslid, 2005; Bosworth, Collins, & Reinhart, 1999). By combining these theories, Radošević et al. (2003) developed a method for analysing the effects of FDI on host employment that focuses on four broad aspects: (i) direct quantitative effects, (ii) indirect quantitative effects, (iii) direct qualitative effects and (iv) indirect qualitative effects.

#### ***Direct quantitative effects***

According to Radošević et al. (2003), direct quantitative effects refer to the number of employees who work directly for foreign firms. In general, because one of the core beneficial effects of FDI is increasing economic activities in host countries, it is automatically implied that the scale of employment in the countries is also enlarged accordingly (Fortanier & Van Wijk, 2009). Therefore, by investing and setting up companies in host countries, firms create more jobs in the countries in addition to domestic firms. In the hospitality sector, there is evidence to indicate that multinational hotel corporations have a higher potential to create jobs than domestic firms, typically because of the higher numbers of rooms and the higher



service provided (Fortanier & Van Wijk, 2009). This statement supports an earlier empirical study in six developing countries conducted by UNCTAD in 2007. The research discovered that a ratio of staff to guests in foreign hotels is 8:1, whereas it is only 1:1 or 1:2 in domestically owned accommodations (UNCTAD, 2007, p. 66). Even though in a number of countries where domestic firms predominate over foreign firms, FDI still contributes complementarily to the employment figures. Therefore, FDI businesses, especially hotels, directly affect the employment rate in host nations.

### ***Indirect quantitative effects***

Employment numbers generated by local firms due to the presence of foreign businesses are categorised as indirect quantitative effects (Balasubramanyam, Salisu, & Sapsford, 1999; Fortanier & Van Wijk, 2009; Luiz R, 1997; Radosevic et al., 2003). Business in hospitality, particularly hotels and restaurants, is seen as a centre of the business chain because it develops a number of backward and forward linkages (Ilie, 2015). By giving the forward linkages, the industries serve, for instance, hotel room services, conference and events organising to other sectors. In contrast, the backward impacts refer to, as an example, the requirement of inputs from local components to operate the businesses (Ilie, 2015). In this regard, local suppliers can be induced to produce more products when there is more demand from the presence of hotel and restaurant investments. By this phenomenon, FDI in the sector indirectly influences the number of job opportunities in local firms.

### ***Direct qualitative effects***

Direct qualitative effects refer to changes or improvement in skills and knowledge of workforces that are directly employed by multinational firms (Radosevic et al., 2003). Besides generating employment opportunities, international technology,

skills and knowledge transfer to host countries can be one of the greatest benefits of international trade (UNCTAD, 2007). FDI is considered the most important means for technology transfer (Blomstrom & Kokko, 2003; Glass & Saggi, 2002). In the hospitality sector, the most significant contribution of FDI is the transfer of skills and knowledge (UNCTAD, 2007). The transfer is not only concentrated in equipment, technology and expatriate specialists and managers, but is also determined through the training of local employees (Blomstrom & Kokko, 2003; Grosse, 1996). A number of authors (Balasubramanyam et al., 1999; Fortanier & Van Wijk, 2009; Luiz R, 1997; Radosevic et al., 2003) have also argued that FDI, by its nature, transfers new knowledge in businesses to host countries through staff training (Fortanier & Van Wijk, 2009; Luiz R, 1997). Staff training, such as on-the-job training and seminars, is the most important vehicle of skills and knowledge transfer (UNCTAD, 2007), and most recipients of training are those who work for the affiliates of foreign firms (Blomstrom & Kokko, 2003). The employees might later be able to establish their own businesses through their skill acquisition (Cuyvers et al., 2008; Cuyvers et al., 2006; Dwyer & Forsyth, 1994; Ilie, 2015), and trained managers often leave MNEs to create their own business (Fosfuri, Motta, & Rønde, 2001). Thus, FDI firms affect host employment directly through skills and knowledge improvement of their employees.

### ***Indirect qualitative effects***

According to Radosevic et al. (2003), skills spillovers to local firms brought by foreign corporations are indirect qualitative effects. Not only do employees who are directly employed in MNEs benefit from the skills transfer, but so do other parties, especially local firms through demonstration effects and labour mobility (Fortanier & Van Wijk, 2009). In terms of demonstration effects, local suppliers can be pushed to adapt or upgrade their products to match the quality standard set by

MNE bodies; thus, skills and knowledge to enhance production, process, design and so on are provided by the MNE affiliates to the local firms, either intentionally or unintentionally (Fortanier & Van Wijk, 2009). Another aspect of skills spillovers is labour mobility. When employees leave MNE firms, skills and knowledge acquired by them may be used in other local firms. This, therefore, may lead to higher pay or greater productivity for the local firms that they work for. Other authors (Fosfuri et al., 2001) have identified another two forms of spillover effects in relation to HR, namely, technological spillovers and pecuniary spillovers. Technological spillovers arise when trained employees are employed by local firms or set up their own companies. This is similar to the "labour mobility" effects. Pecuniary effects occur when MNE firms pay higher wages to prevent their trained employees from moving to other local competitors.

#### **3.2.2.2 The relationship between foreign direct investment and human resource development**

A number of authors have discussed different aspects in addressing the relationship between FDI and human capacity development in host countries. The relationship is complex. While inflows of FDI potentially create positive direct and spillover impacts on skills development in certain host countries, at the same time, the level of labour capacity in the countries determines the extent to which the countries can attract FDI inflows (Blomstrom & Kokko, 2003). Similarly, a study by Makki and Somwaru (2004) that examined the impacts of FDI on economic growth in 66 developing countries suggested that the positive impacts of FDI on economic growth may differ from one country to another depending on several crucial factors, including the level of human capital. Fortanier and Van Wijk (2009) also supported the idea that an essential requirement for positive effects from FDI is the existence of well-developed educational public institutions. Therefore, it can be

argued that the positive impacts of FDI on the host country's economic growth appear to be strongly related to the existence of well-developed HR in the host country.

According to the study by Blomstrom and Kokko (2003), FDI firms influence host countries' HR differently based on time frames, and the pre-arrival and post-arrival stages. Prior to the entry of MNEs, the government of many host countries may put strong efforts into improving their educational system to strengthen the quality of HR in order to be more attractive to FDI corporations. However, after their arrival, for their own part, multinational firms provide skills, knowledge and training to their employees, thereby contributing to new skills, technology and information generation, and HR development. Hence, the impacts of FDI in certain host countries that occur during the pre-arrival stage are often associated with formal education, whereas those in the post-arrival stage are more likely to be related to informal education.

Te Velde and Xenogiani (2007) determined that MNEs affect skills development at macro and micro levels. At the macro level, the contribution is more likely to be indirect through an involvement of tax payment, technology enhancement and invested sector enlarging. At the micro level, MNEs influence human capital often more directly through three leading activities:

1. General education: the involvement of FDI in general education is dual. First, based on voluntary intention, foreign firms may contribute support, either financial or technical, to all levels of education. Second, MNEs, especially strategic asset-seeking firms, which often utilise local skills and knowledge to develop projects, set

up their own general education centres as a part of their business goal.

2. Official training: providing the official training regarding firm-specific skills is more common in MNEs than general education because the extent to which the firm can be developed would directly depend on the degree of their employee productivity.
3. Informal on-the-job training: the training occurs concurrently with the skill content of the job; the more skill-intensive, the more on-the-job training.

Similarly, a study on training and skills development in Costa Rica conducted by Monge-González and González-Alvarado (2007) identified three mechanisms through which MNEs may affect host human development and public educational systems: (i) changes in educational systems to improve HR to attract FDI firms; (ii) changes in educational systems as promoted by MNEs when they are established in the country; and (iii) creations of “knowledge spillover” (employees move to other domestic firms) and “spin-off effects” (employees start new businesses) (p. 12).

Past publications have also pointed out successful experiences by which MNE firms improve the quality of human capacity in host countries by working together hand-in-hand with the host government. For instance, in Thailand, various training programs have been operated jointly by the government and the International Chamber of Commerce (ICC), of which the majority of members are MNEs. In Malaysia, a number of skills development institutions have been jointly established by the state government, local business and FDI firms; these institutions have claimed to be successful (Blomstrom & Kokko, 2003). Similarly, in China, the government and investors have been using a collaboration strategy to respond to

the lack of qualified managers in the accommodation industry in the country (UNCTAD, 2007).

### **3.2.2.3 The negative impacts**

Despite the positive association between FDI and local human development, there are criticisms from a number of authors. From an economic point of view, where there is more FDI at the national level, local firms in the same business can be vulnerable to competition from the larger FDI organisations because of an insufficiency of capital, modern technology and workforce (Cuyvers et al., 2008; Dwyer & Forsyth, 1994; Ilie, 2015; Narula & Dunning, 2000; OECD, 2002).

Regarding human capital in the hospitality sector, Fortanier and Van Wijk (2009) and Reiter and Steensma (2010) argue that FDI does not contribute much to labour skills improvement in the host country. This is supported by an empirical study by Fortanier and Van Wijk (2009) on 123 foreign and domestic hotels in Mozambique, Tanzania and Ethiopia, in which they found two interesting indications. First, in contrast to the mobility of local employees from foreign to local firms, MNEs steal the best staff from existing locally owned hotels, and they have higher potential to retain those employees. Second, despite the fact that foreign hotels that employ a higher proportion of expatriates provide more training than those that do not; FDI hotels in general offer formal training less frequently than local firms.

Reiter and Steensma (2010) concurred with this when they examined the influence of FDI policy on the relationship between FDI and HR development in 49 countries over a 26-year period (1980–2005). In their conclusion, they suggested that since the primary interest of foreign investors is profit rather than national development, FDI inflows do not bring strongly positive signs to human development unless there is a restriction in the state FDI policies to ensure that

FDI aligns with and promotes the development (Reiter & Steensma, 2010). They suggest restricting foreign investors from entering sectors where foreign expertise is not needed and to discriminate against foreign firms. The study also argued that although the practice of the policies may reduce the size of inflow FDIs, this is a trade-off for FDI that provides more benefits to human development in a sustainable manner (Reiter & Steensma, 2010).

#### **3.2.2.4 Key technology transferred from foreign direct investment in service sectors**

As mentioned above, FDI is the most important vehicle for technology transfer from parent corporations to their affiliates in other countries. Most of the literature on technology transfer (as cited in Grosse, 1996) indicates that there are three main types of technology in business of all sectors, namely, product technology, process technology and management technology. In physical or manufacturing industries, product technology refers to knowledge about producing any product; process technology is the knowledge used to organise input and operate machines; and management technology refers to knowledge about running a business effectively. However, in service businesses, “soft” technology is a key determinant in the industry (Grosse, 1996). In this regard, knowledge regarding machinery operating or product-producing methods is insignificant, whereas knowledge related to information, experience and management is more important. The terms “product technology” refer to knowledge about a service’s characteristics and “process technology” relates to methodologies for producing or delivering a service in the service-providing industries.

Adopting Brooke’s (1985) method, technology can be transferred through seven primary means:

1. Hardware (machinery)
2. Software
3. People transfer
4. People training
5. Documentation
6. Communication
7. Agreements (permission). (p. 62 as cited in Grosse, 1996)

### **3.3 Employee training**

#### **3.3.1 The importance of employee training**

Training while on the job is indeed a significant source of skills development for workers over their lifetimes and is where they attain the most new skills, which they can then improve on in their jobs; employee training can be undertaken both formally (mainly provided by employers) and informally (mostly learning-by-doing) (Almeida & Cho, 2012). Pre-employment training is deemed to produce skills that do not closely match with labour markets, especially in developing countries, where public education systems and pre-employment vocational training are likely to be inferior (Almeida & Cho, 2012). In this case, employee training provided by private firms plays a vital role in producing skilled workers and in increasing economic and productivity growth (Almeida & Cho, 2012; World Bank, 2012). Figure 3.1 below illustrates systems to support the skills development life cycle, including the role of firm-provided training in building job-relevant skills.



This content has been removed by the author of this thesis for copyright reasons.

Figure 3.1 System to support the development of skills in the life cycle  
Source: World Bank, 2012

A number of studies have identified advantages returned from employee training to both employers and employees. Generally, Almeida and Cho (2012) pointed out that from private firms' perspectives, investment in HR is similar to investment in physical assets because training can lead to higher workforce productivity and higher profits for organisations. Regarding individual training of employees, training benefits them in terms of acquiring new skills and remaining competitive in the labour markets (Almeida & Cho, 2012). Their study also proved that formal training programs strongly and positively affect trained workers' wages.

Particularly, in the service and hospitality sector, many studies have proved there can be positive outcomes for firms. That is to say, training is likely to reduce understaffing and staff poaching problems (Poulston, 2008); training leads to job satisfaction and prolongs employees' intentions to stay longer (Chiang, Back, & Canter, 2005); and training improves the quality of services offered by hotels' employees (Dhar, 2015). Georgiadis and Pitelis (2016) even discovered that in the service sector, training for non-managerial employees had stronger positive effects on profitability and labour productivity compared with the impact of training at

managerial levels. For employees, the UNCTAD (2007) report highlighted additional benefits for workforces, particularly in brand hotels, from training programs. Employees can experience life in other countries as well as expose themselves to international labour markets when hotels send them to live and learn in other hotels in their chain. Having seen the importance of employee training, Chiang et al. (2005) suggested that firms should put more effort into improving training quality through enhancing communication between employees and employers, support from management, and understanding employees' needs and expectations.

### **3.3.2 Incidence of training**

According to UNCTAD (2007), what apparently makes foreign hotels different from locally owned firms is training. Basically, international hotels tend to provide more training. Similarly, Almeida and Cho (2012) indicated that firms that are able to provide training to employees tend to be large scale and have large capital and more foreign ownership. Particularly, the ILO (2001) report pointed out that compared with small-scale or independent hotels, large chain hotels are more likely to offer proactive training programs that focus mainly on staff development. Ty et al. (2014) explained the slight difference between "development" and "training". "Development" refers to an effort provided by employers to their employees that enables them to gain new potential knowledge and skills for current and future jobs, whereas "training" focuses mostly on specific skills used for performing current jobs. Therefore, this implies that chain hotels are more likely to consider their employees' future careers in their training practice.

Because they have better conditions in capital and economy, international hotels spend more on training than domestic firms do; the training budget usually

accounts for approximately 3% of a hotel's financial turnover (ILO, 2001; UNCTAD, 2007). For example, the study found that the maximum expenditure on training of foreign hotels in Tunisia was USD100,000 whereas locally owned hotels spent only USD22,000 (UNCTAD, 2007). In this aspect, in service industries whose services cannot be exported, FDI companies need to invest more in training in their foreign associates in order to close the gap between the parent companies and their affiliates (Blomstrom & Kokko, 2003). Additionally, the majority of large-scale MNE hotels rely heavily on their own internal training systems (ILO, 2001; UNCTAD, 2007). As an example, the Accor Group has established its Paris-based academic training centres in various locations and hosts 14,000 trainees each year (ILO, 2001).

Research conducted by Boardman and Barbato (2008) on HR practices in 10 international hotel chains suggested a number of other supporting factors that enable chain hotels to develop greater T&D systems in addition to financial strength. Over the past few decades, HR management in international brand hotels has developed to a more sophisticated level. They have embraced modern and broader HR views and well-defined management structures to support, manage, develop and reward employees. Additionally, international chain hotels are more advanced in technology and other media infrastructure, which offers their staff many opportunities to improve their abilities through training programs. According to the study, the hospitality sector is likely to suffer badly from high staff turnover rates. For instance, in 2000, the Marriott Corporation reported that their company may lose from USD5 to USD15 million by a 1% increase in the staff turnover rate. Therefore, firms have to consider HR seriously, including good

management and T&D, to maintain their labour force as well as to reduce the great cost of turnover.

Furthermore, Boardman and Barbato (2008) pointed out the practice of corporate social responsibility (CSR) policies, in relation to good practice in HR. For many years, CSR policies have been evident in the international hotel chains, especially famous brands. However, there are criticisms that compared with other sectors, the hotel industry seems to be slow in adopting CSR policies. Others have also claimed that the promotion of CSR practices run by international chain hotels is more likely to be for public relations purposes than for CSR since there have been complaints from unions that at the hotel level, they do not regularly deliver good practice.

Most large MNE hotels provide a range of training programs, from housekeeping skills to top level professions; however, the significance of the offered training can vary depending on the level of the local economy and the national tourism-supporting environment (UNCTAD, 2007). In this regard, in countries where the local training programs are superior, such as Kenya, graduates are likely to be found in top managerial positions. However, in newly emerged international tourism markets, such as Tanzania, the lack of tourism training schools requires a newly opened foreign hotel to provide a minimum six-month intensive training before its grand opening. However, even if there is a considerable amount of good local training, there are still inevitable skill gaps between the skills provided and those specifically required by the FDI firms, thus making the training gained from the MNEs valuable (UNCTAD, 2007).

### **3.3.3 Barriers to training**

A number of studies have determined that small and medium-sized firms continue to provide informal training (learning-by-doing) instead of making an effort to provide formal training because of various barriers (Almeida & Cho, 2012; Stone, 2010). These barriers include a lack of skills or technology to adopt systematic training, low skills of recipients or trainees, limited understanding about the benefits of training among employers (Almeida & Cho, 2012), turnover, staff poaching, lack of finance for training, and a lack of training delivery skills (Almeida & Cho, 2012; Stone, 2010). Almeida and Cho (2012) emphasised that turnover and staff poaching are deemed to be major constraints to investing in employee training, especially among large firms in Central America. Stone (2010) argued that poaching skilled staff from large firms is a major issue in small enterprises in the United Kingdom and this discourages them from investing in training, leading many of them to provide only internal job-specific training, which produces skills that are less beneficial in the open market. Likewise, in Mozambique and Ethiopia, seeing staff move to other higher status competitors highly discourages domestic hotels from investing in their staff training (Fortanier & Van Wijk, 2009).

Specifically, a study by Zhang, Cai, and Liu (2002) about critical HR challenges in China's hotel industry also identified major problems in employee training. Their study discovered that most hotels do not have an efficient HR departmental structure. In this case, the HR department primarily deals with other activities such as benefits and compensations, viewing training as less important. The weak organisational status leads to ineffective and inferior training. Training activities under inefficient HR organisations are accomplished on a short-term or ad hoc basis rather than systematically. Training is mostly conducted in functional departments and provided by senior employees. Furthermore, the study found

that hotel managers and employees still hold on to the old training definition, in which training is narrowly interpreted as teaching and learning about technical skills needed only for specific jobs. In addition, employees were found to have little interest or motivation regarding participating in training. Some employees consider training to be a waste of time. As a result, it is hard to recruit for middle and top management positions internally. Zhang et al. (2002) also discovered another critical HR challenge: the practice of certifying qualifications for hotel managerial levels has become profit making for the governmental agency in China.

### **3.4 Composition of labour and skills in hospitality**

#### **3.4.1 Composition of workforce in hospitality**

Globally, from direct, indirect and induced impacts of tourism and hospitality, the sectors contributed a total of 284 million jobs or one in 11 of all jobs in the world in 2015; of these, direct jobs in the sector reached 108 million through generation of 2.5 million new jobs that year (WTTC, 2016). The workforce in the industry is most likely to comprise young people (ILO, 2001). Statistical data on the labour in hotel and catering sectors in specific countries developed in a number of studies, as shown below, support ILO's notion (Juyaux, n.d.; Soeder, 1998; Weiermair, 1996 as cited in ILO, 2001):

- In the United States in 1996, 44% of employees were aged under 25 years and a further 25% were aged between 25 and 34 years.
- In Austria in 1995, 14.5% of staff were under 20 years old.
- In the Netherlands, 23 is the average age of employees; while 50% of all staff are under 30 years old in Denmark; and in Spain, more than half of employees are under 34 years old.

From the business point of view, to respond highly to seasonal demand, the industry develops a large opportunity for temporary employment, which attracts young workers, and for many young people, the industry is where they can

combine academic study with flexible working hours and is “an entry point to the world of work” (ILO, 2001, p. 49).

### **3.4.2 Definition of skills**

As stressed by Baum (2002), defining the term ‘skills’ is not a simple task since the perceptions about who is skilled and who is not are considerably subjective. Although a number of related studies focused on skill acquisition have been conducted since the 1890s (Winterton, Le Deist, & Stringfellow, 2006), the definition of skills seems to be debatable. Pear (1927) defined skills as muscular performances to accomplish mechanical output, and Renold (1928) gave a definition of skills as a combination of important physical and mental qualities for an industry that can be acquired by considerable training (as cited in Winterton et al., 2006). There is a criticism that the latter definition concentrates much on training but ignores the fact that skills may also be developed equally through practice (Winterton et al., 2006). However, the criticism can be proved wrong, as is evidenced in Cox’s (1934) experiments on skill acquisition, which showed that a group of workers who had received training performed better than those who had not (as cited in Winterton et al., 2006). Bradley et al. (2000) as cited in Baum (2002) suggested three main criteria to define skills:

- whether we should consider formal qualifications held by an individual,
- the amount of training required for a job,
- the ability of an individual to perform complex job tasks.

Accordingly, when looking into a study of skills, a focus should be placed on workers’ prior level of education in relation to technically operating their job, other related qualifications to perform their tasks effectively and training programs provided by the firms that employ them.

### **3.4.3 Types of skills**

According to the ADB (2009), skills can be categorised into three main types: (i) basic skills (literacy, numeracy, problem solving), (ii) occupational skills (skills in family occupations) and (iii) job-related skills (skills for particular jobs). Madhur (2014) classified important skills for jobs into five broad sets:

- (i) problem-solving skills, or the capacity to think critically and analyse technical issues, (ii) learning skills, the ability to distil lessons from experience and apply them in the workplace, (iii) communication skills, including the ability to communicate with others verbally and in writing, (iv) personal skills for decision-making and self-management, and (v) social skills required for teamwork, leadership and building relationships with clients (p. 2).

However, the World Bank (2012) emphasised two primary skills in employment: hard and soft skills. Hard skills refer to specific abilities to perform a task, and soft skills, which complement hard skills, are personal competencies that enable individuals to deal with the challenges of daily life (World Bank, 2012). Some soft skills can be learned from academic institutes and are best established in early childhood, whereas others can be acquired on the job (World Bank, 2012).

### **3.4.4 Bundle skills in hospitality**

According to Baum (2002, 2006), the diversity of hospitality work can be classified into two dimensions: horizontal and vertical. Horizontal diversity implies the extensiveness of the sector, from food and beverage outlets, bed and breakfasts, and hostels to elite hotels, resorts and clubs. Vertical diversity reflects the range of positions, including technical or craft, service and managerial work, that are embodied under one roof (Baum, 2002, 2006). This is where the traditional classification of skills in the industries falls into a range of unskilled, semi-skilled, skilled, supervisor and management levels (Baum, 2002). The skill proportions of hospitality workers as found by Riley (1996, p. 18 as cited in Baum, 2002) are:



- managerial—6%,
- supervisory—8%,
- craft (skilled)—22%,
- operative (semi-skilled and unskilled)—64%.

Likewise, Jonckers (2005) classified labour categories in the hotel and catering industry based upon skills into four levels, namely, high-level managers, supervisors, skilled workforce and semi-skilled workforce. At the management level, managers are likely to be qualified in management skills, such as business and strategic planning, yield management, product and destination development (Jonckers, 2005). At lower levels, supervisors need basic management skills (supervision and training skills), while skilled and semi-skilled workforces require both specific technical knowledge and personal skills (Jonckers, 2005).

As cited by Baum (2002), employment in hospitality is broadly considered “low skills” in both academic literature and well-known press publications (Wood, 1997) or worse as “uneducated, unmotivated, untrained, unskilled and unproductive” (Shaw & William, 1994, p. 142). However, this statement is strongly criticised. The service industry, particularly hospitality, is an “experience good” where customers are closely related to the service providers at all stages of the processes (UNCTAD, 2007).

There is no job in the sector that can be defined as unskilled because every employee, even at the lowest level, needs to communicate to the guests, often in a foreign language (UNCTAD, 2007). As there have been changes in the nature of work, technology and consumer expectations, there has been a significant reconsideration of skills in hospitality work (Baum, 2002). Historically, specific technical skills in hospitality were primarily the centre of attention, especially in education and training institutions in both developed and developing worlds.

However, over the past decade, attention has increasingly been focused on generic, non-technical skills as well. This is supported by a number of empirical studies on work and skills requirements of front line employees (Baum & Devine, 2007; Hai-yan & Baum, 2006). Hai-yan and Baum (2006) indicated the importance of technical and generic skills, and suggested the need for considerable training qualifications for employees. Baum and Devine (2007) concluded that many accommodation establishments will highly recruit generic competencies instead of technical qualifications and experience. Baum (2006) indicated that communication, problem solving, information and communications technology (ICT) and languages are the most important components of generic skills needed in hospitality work. In addition, the Hospitality Training Foundation (2000) as cited in Baum (2002) suggested a number of recommendations to tackle the gaps, including training programs to develop appropriate attitudes in young people. Therefore, in addition to specific technical skills, generic competence has been a significant element within hospitality workforces that also can be acquired by training, just like technical skills. However, training programs in the industry are found to be concentrated more on technical skills (Warhurst & Nickson, 2007).

Adopting Pine and Gilmore's "experience economy", Baum (2006) expressed more concern about a gap in terms of the relationship between employees and customers in less developed countries. This is caused by a notion called social distance. In practice, social distance refers to the proximity given by hospitality workers to their guests in terms of the combination of culture and participatory exposure (Baum, 2006). In Western and developed nations, the social distance seems to be relatively small for two main reasons. First, most of the employees have grown up within a society and culture that strongly matches the international

hospitality environment—often, a Western or Americanised operating culture—in terms of products, technology and rules of etiquette. Second, hospitality staff in most developed countries are more likely to be young adults who often travel to both domestic and international sites. Thus, they have experience as both employees and consumers. In contrast to the developed world, employees in international hospitality in developing countries do not possess these attributes, which then leads to a bigger social distance. It appears that little skills development is demanded when there is a close gap in terms of social distance; however, where there is a wider distance, the requirement of additional learning and skills acquisition is much more advanced (Baum, 2006). He also emphasised key components of the additional skills development bundle, including “languages, more general communication skills, etiquette, culinary and beverage culture, use of equipment/facilities/technology, and a range of other tangible and nontangible areas” (p. 132). Therefore, to close the gap in terms of social distance in international hospitality, especially in less developed countries, it is useful to focus on the bundle of hospitality skills development and not just on the core technical demands.

### **3.5 Conceptual framework**

Based on the literature review, the impacts of FDI in the hotel industry after the arrival on the host country’s human capital development were identified in this study through two aspects, namely, direct qualitative effects and indirect qualitative effects (see Figure 3.2 below).

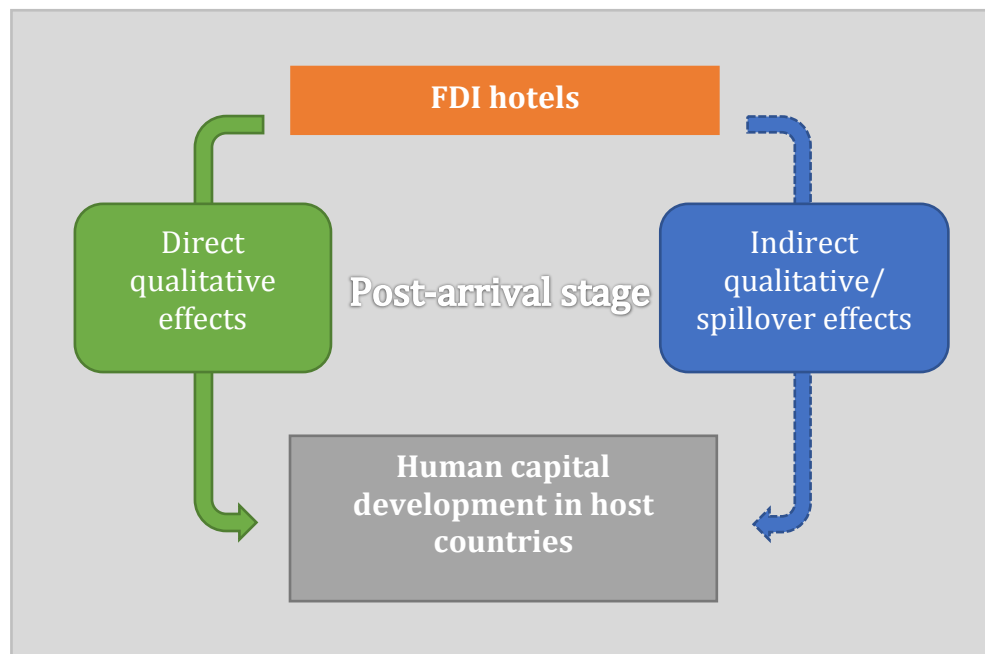


Figure 3.2 Conceptual framework  
Source: Researcher

### 3.6 Summary

#### 3.6.1 Foreign direct investment and human development

The amount of FDI stock in tourism flows to developing countries has been rapidly growing lately. Despite the diversity of the tourism industry, the hotel sector appears to be the largest sector receiving tourism-related FDI stocks. FDI contributes to host countries in a number of forms, including skills and knowledge transfer and development of the local workforce. The impacts of FDI on host countries' human development occurs in four different ways, including direct qualitative effects and indirect qualitative effects, and these are the focus of this thesis. They can be determined at the post-arrival stage.

Direct qualitative effects refer to changes or improvement in skills and knowledge of the workforce who are directly employed by multinational firms. Staff training is the most important vehicle of skills and knowledge transfer (UNCTAD, 2007). Additionally, FDI firms can develop the host country's human capital through their

involvement in public education. Their support can be either financial or technical. Setting up their own educational institutions is also included.

Indirect qualitative effects or skills spillovers refer to benefits that local firms receive from FDI corporations. Skills spillover effects may occur through a number of ways, including demonstration effects, labour mobility or technological spillovers, and pecuniary spillovers. When local suppliers are pushed to upgrade their products to align with international firms' standards, MNE affiliates provide skills and knowledge for local firms to enhance their production. This is called demonstration effects. Labour mobility or technological spillovers arise when trained employees move to local firms or set up their own companies. The pecuniary effects occur when international firms pay higher wages to retain their trained staff.

### **3.6.2 Supports and barriers to training**

A large majority of FDI hotels rely heavily on their own training systems, which mainly focus on staff development, and they invest in training more than locally owned hotels do. In addition to better economic and capital conditions, large multinational hotels are able to develop greater staff training activities, mainly because of (i) development of more sophisticated HR management; (ii) adoption of more advanced technology and other media infrastructure; and (iii) acknowledgement of staff training outcomes, especially regarding financial benefits.

Small or medium-sized firms that have less capital investment do not usually invest in staff training because of a number of major barriers, including a lack of skills or technology to adopt systematic training, low skills of recipients or trainees, limited understanding about the benefits of training among employers,

turnover, staff poaching, lack of finance for training, and a lack of training-delivery skills.

### **3.6.3 Skills needed in hospitality**

Tourism and hospitality sectors generate millions of direct, indirect and induced job opportunities globally. Important skills needed in hospitality are likely to be soft skills. Likewise, key technology that FDI in hospitality transfers to the domestic economy is soft technology, including knowledge related to the service, a method for producing or delivering a service, and management. The content of soft skills for operative workers who directly produce and deliver services has important components, such as communication, problem solving, ICT and languages. Basic management skills are for the supervisory level, and more advanced for the higher management level. For operative employees specifically, skills development is strongly demanded when the cultural and social distance between them and their customers is wide. Because of this, in less developed countries, the requirement of skills acquisition in addition to core technical skills is more advanced for local employees who work for foreign hotels whose service is mainly for foreigners.

## Chapter 4 Research Design

This chapter presents the philosophical and methodological perspectives of this research. In this chapter, the literature of research paradigms, ontological and epistemological stances in social research are discussed. A qualitative methodology is proposed to justify the approaches taken in this research. The research methods, followed by a description of them and the analytical approach used for this study, are also presented.

### 4.1 Research in theories

#### 4.1.1 Research paradigm

A paradigm or a theoretical perspective is “a basic set of beliefs that guides action” (Guba, 1990 as cited in Denzin & Lincoln, 2008, p. 31). It represents “a worldview that defines ... the nature of the world, the individual’s place in it, and the range of possible relationships to that world and its parts” (Guba & Lincoln, 1994, p. 107). A research paradigm contains “the researcher’s epistemological, ontological, and methodological premises” (Denzin & Lincoln, 2008, p. 31). It serves as a framework to shapes researchers’ actions to resolve specific problems, thus “making order out of the chaos of social life” (Grant & Giddings, 2002, p. 11). Therefore, the appropriate process for answering research inquiries varies depending on the research paradigm that is employed by the researcher.

While several well-known authors (Creswell, 2007; Crotty, 1998; Grant & Giddings, 2002; Guba & Lincoln, 1994) have described significant research paradigms (including positivist, post-positivist, interpretivist, critical and postmodernist), Tuli (2010) argued that, to simplify matters, the main theoretical perspectives that are predominant worldwide are positivist and interpretive paradigms. The

positivist perspective views facts as objectively “out there” and able to be discovered (Grant & Giddings, 2002; Gray, 2004, 2014). Positivists believe that facts in the social world and in the natural world are identical (Loseke, 2013), and that reality in the social world is separated from personal thoughts (Tuli, 2010), and can be apprehended “independently of the researcher” (Bailey, 2007, p. 52). Positivism emphasises the importance of facts rather than value and meaning (Gray, 2004, 2014). These facts tend to be measured or studied through experimentation or detailed scientific observation (Grant & Giddings, 2002; Gray, 2004, 2014).

By contrast, in social science, the interpretivist stance tends to deal with “the actions of the individual” (Gray, 2014, p. 23) and assumes the reality is “the creation of the mind” (Walliman, 2011, p. 21). Interpretivism builds on the understanding of reality through the researcher’s rational perception of a human set of words and actions (Grant & Giddings, 2002). By embracing an interpretive paradigm, the participants’ set of words and actions can be rationally co-constructed and interpreted through the researchers’ lens or understanding (Denzin & Lincoln, 1998; Grant & Giddings, 2002; Keegan, 2009; Merriam & Tisdell, 2015; Stake, 2010). This forms an intersubjective relationship between the researcher and participant, where the researcher acts as “a listener and interpreter of the data given by the participant” (Grant & Giddings, 2002, p. 17).

An interpretive paradigm was employed in this study. Instead of seeking scientific “facts”, this research aimed to understand what was inside individual minds concerning the research questions. This demanded a social interaction between the researcher and participants in their community. An interpretivist researcher must be willing to listen to individual voices and perceptions. The research



questions in this study sought to explore human perceptions regarding FDI and skills development, and therefore an interpretive paradigm was justified. As Bailey (2007) argued, scholars who adopt this paradigm in field research are those whose aim is to gain a rich understanding of participants' experiences, and their interpretation of life and events.

#### **4.1.2 Ontological and epistemological perspectives**

Ontological and epistemological stances strongly reflect a research paradigm (Denzin & Lincoln, 2008). Ontology is "the study of being" concerning the nature of realities (Crotty, 1998, p. 10; Gray, 2014, p. 19). Guba and Lincoln (1994) developed four ontological positions: naïve realism, critical realism, historical realism and relativism. The first two view reality as an external objective. Historical realism reflects changes in reality shaped by social, cultural, economic and gender factors from time to time. Relativism assumes that reality can be understood from multiple perspectives of mental and social constructions with an individual or groups. These social constructions do not concentrate on absolute "facts", but rather on the content of perceptions (Guba & Lincoln, 1994).

Epistemological positions are philosophically developed by choice of ontology. Several authors (Creswell, 2007; Crotty, 1998; Gray, 2004, 2014; Tuli, 2010) have defined epistemology as theoretical knowledge that answers the question of "how we know what we know" (Crotty, 1998, p. 8). This "provides a philosophical background for deciding what kinds of knowledge are legitimate and adequate" (Gray, 2014, p. 19). Therefore, the choice of research methodology used to answer an inquiry is influenced by the researcher's epistemological position. Gray (2004, 2014) pointed out three essential epistemological stances, two of which are objectivism and constructivism. Objectivist research is used to discover the

objective truth that is external, whereas constructivism opposes this view. Constructivists believe that “truth and meaning do not exist in some external world, but are created by the subject’s interactions with the world” (Gray, 2014, p. 20).

It is important to understand that the choice of one’s research paradigm and epistemological positions need to be logically consistent. For example, Gray (2004, 2014) stated that objectivist epistemology is closely related to the positivist paradigm, and constructivist epistemology is closely linked to the interpretivism paradigm. Thus, if one adopts a constructivist epistemology, in which the reality can be discovered through a social interaction, then the research paradigm needs to be interpretivist, which also reflects the truth and meaning from human sets of words and actions. An interpretivism paradigm was proposed in this study, and the paradigm is logically consistent with the constructivist epistemology.

#### **4.1.3 Research methodology**

This study employed a qualitative methodology. Methodologies, drawn from ontological and epistemological perspectives, are strategies to conduct research (Tuli, 2010). They embrace the guidelines and principles, describing how research can be conducted (Grant & Giddings, 2002; Tuli, 2010). Rather than just a specific method to collect data, the term refers to the bigger research design and includes approaches from sampling to maintaining relationships in the field (Bailey, 2007). Thus, an entire research process reflects a particular research methodology that the researcher employs.

Philosophically, qualitative methodologies are underpinned by the interpretive paradigm, whereas quantitative methodologies are underpinned by the positivist

paradigm (Grant & Giddings, 2002; Tuli, 2010). Snape and Spencer (2003) explained qualitative research as:

- aims which are directed at providing in-depth and interpreted understanding of the social world of research participants by learning about their social and material circumstances, their experiences, perspectives and histories
- samples that are small in scale and purposively selected on the basis of salient criteria
- data collection methods which usually involve close contact between the researcher and the research participants, which are intensive and developmental and allow for emergent issues to be explored
- data which are very detailed, information rich and extensive
- analysis which is open to emergent concepts and ideas and which may produce detailed description and classification, identify patterns of association, or develop typologies and explanations
- outputs which tend to focus on the interpretation of social meaning through mapping and “re-presenting” the social world of research participants. (pp. 3, 5)

Qualitative research is often criticised by the positivist perspective as “soft research” or “second rate” (Grant & Giddings, 2002) because of the lack of scientific evidence such as numerical data to represent “reality” (Merriam & Tisdell, 2015). However, Denzin and Lincoln (2008) pointed out three different contexts where employing a qualitative methodology is suitable. First, the approach is used to capture a participant’s point of view by using detailed interviewing. Second, it is employed to examine the constraints of everyday life through the researcher’s direct attention to a specific case. Last, the approach is used to secure rich description, which is valuable in the social world. Because this study aimed to explore and understand the relationship between practices of foreign hotels and skills development from the perspectives of managers and employees, a qualitative methodology was most appropriate.

#### **4.1.4 Research methods**

##### **4.1.4.1 Semi-structured interviews**

A semi-structured interview approach was employed in this study. In qualitative research, person-to-person interviews are the most common method to collect data. Obtaining a distinct kind of information that cannot be seen or observed is the primary purpose of the interview (Merriam & Tisdell, 2015). Categorised by the amount of structure, there are three main types of interview, namely, structured, semi-structured and unstructured (Bailey, 2007; Drew, Raymond, & Weinberg, 2006; Gray, 2004, 2014; May, 2001; Merriam & Tisdell, 2015; Rapley, 2004; Tracy, 2012). Structured interviews are commonly employed to collect more quantitative data and use standardised questions for all respondents (Gray, 2004, 2014). In qualitative research, such a method may not allow researchers to access the interviewees' deeper perspectives and understandings (Bailey, 2007; Bryman, 2008; Gray, 2004, 2014; May, 2001; Merriam & Tisdell, 2015). Bailey (2007) concurs that research that is framed by an interpretive paradigm is more likely to use unstructured and semi-structured interviews.

Unstructured interviews, or what Merriam and Tisdell (2015) also called informal interviews, form the interview as a conversation to obtain qualitative data. Bailey (2007), May (2001) and Tracy (2012) pointed out that enriched understandings are derived from participants' viewpoints without the constraints of prepared questions and that this is the crucial advantage of using an unstructured interview. However, an inexperienced interviewer could become lost in the large pool of different viewpoints and unrelated pieces of information, as suggested by Merriam and Tisdell (2015). It requires a skilled researcher to cope with this great extension of flexibility and the unstructured interview approach is rarely used as the only tool for collecting data in qualitative research (Merriam & Tisdell, 2015).

Interviewing using a qualitative approach is often less structured and more open-ended. Another method is semi-structured interviews, which come in the middle between structured and unstructured (Bailey, 2007; Bryman, 2008; Drew et al., 2006; May, 2001; Merriam & Tisdell, 2015; Rapley, 2004). Merriam and Tisdell (2015) identified five key characteristics of semi-structured interviews. First, the interview instrument includes a mix of more and less structured interview questions. Second, all questions are used in a flexible way. Third, specific data are required from all respondents. Next, the largest part of the interview is driven by a list of issues or questions to be discovered. The fifth feature of semi-structured interviews is there is no predetermined wording or order, thus exact words or order of the questions is not necessary for each interview.

Semi-structured interviewing is more often used in qualitative research where it is beneficial for an interviewer to “respond to the situation at hand, to the emerging worldview of the respondent, and to new ideas on the topic” (Merriam & Tisdell, 2015, p. 100). The approach also allows researchers to probe for expanded opinions from respondents because “such probing may also allow for the diversion of the interview into new pathways which, while not originally considered as part of the interview, help towards meeting the research objectives” (Gray, 2004, p. 217). Therefore, in this research paper, semi-structured interviews were employed.

In addition to the interviews, tape recorders and notes were used to collect data. Merriam and Tisdell (2015) suggested two desirable ways to record interview data, namely, audio recording and note-taking. The main advantage of using a tape recorder is to ensure that every word is available for analysis. Additionally, interviewers can improve their questioning techniques by listening to the recorded

conversation. The only drawbacks of using this method are that the equipment may not work and that participants may feel uncomfortable with being recorded (May, 2001; Merriam & Tisdell, 2015). However, in the process of the interview, respondents often forget about being recorded (May, 2001; Merriam & Tisdell, 2015; Rapley, 2004). It is suggested that an interviewer, when using a qualitative interview technique, should listen carefully and collaborate closely with the interviewee (Merriam & Tisdell, 2015). Therefore, using a tape recorder is advantageous. Note-taking is another way to record data. This tool is recommended only when a tape recorder is not available or when a respondent does not allow recording of the interview. However, researchers may take notes during an interview when they want to signal the reaction or importance of what is being said (Merriam & Tisdell, 2015).

#### **4.1.4.2 Data analysis**

Data analysis is the process of making meaning of data. The process involves combining, reducing and interpreting what the researcher has collected in the field (Merriam & Tisdell, 2015). Likewise, Marshall and Rossman (2006) claimed that in data analysis, the researcher needs to break down data into “manageable chunks”, and interpret data from “the words and acts of the participants in the study” (pp. 156–157). There are a number of possible approaches for data analysis in qualitative research. A thematic analysis was employed in this study. “Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data” (Braun & Clarke, 2006, p. 79).

This study applied thematic analysis for two reasons. First, as Braun and Clarke (2006) asserted, the approach is a more flexible and accessible method of analysis. Second, this approach can be a “realist method” that is used to present the words,

meanings, experiences and reality of participants effectively (Braun & Clarke, 2006).

Braun and Clarke (2006) suggested six important phases of thematic analysis:

1. Familiarising yourself with your data
2. Generating initial codes
3. Searching for themes
4. Reviewing themes
5. Defining and naming themes
6. Producing the report. (p. 87)

## 4.2 Research in practice

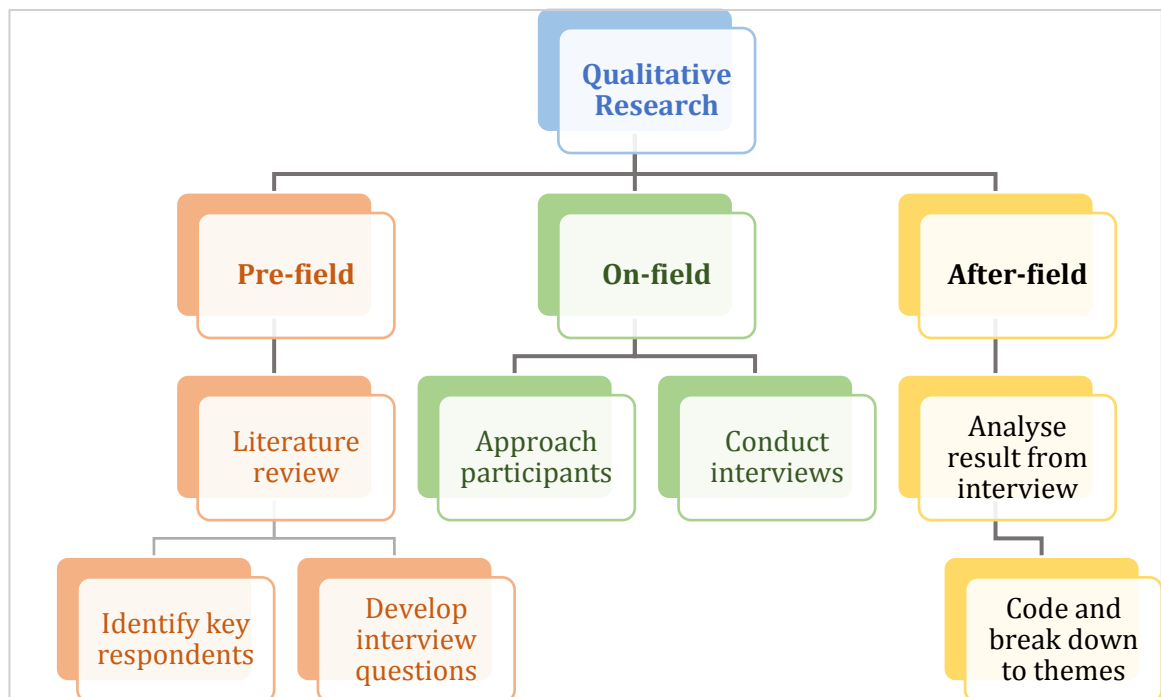


Figure 4.1 Research experience in three phases  
Source: Researcher

### 4.2.1 Pre-field research

Figure 4.1 above illustrates activities that were done prior to the field period, during the field period and after the field period. A literature review was conducted to fill a gap in understanding of the chosen topic and the appropriate methods to be used in the field research. Academic journals, books and reports via printed and online sources were accessed. Theoretically, the literature helped the

researcher gain knowledge regarding the impact of FDI on host countries, and local skill development in the tourism industry. Knowledge about the background, such as FDI statistics and tourism development in the country and the province were obtained through previous research about Cambodia contained in the country's governmental and non-governmental reports.

With the development of the methods, the literature helped to identify key respondents. Additionally, a set of tentative interview questions for targeted key participants was developed during this phase. The interview questions were designed to cover three main categories (see Appendix 1 and Appendix 2).

### **Sample criteria**

This study focuses on upmarket accommodation providers. In the Cambodian context, the majority of FDI hotels are upscale establishments include boutique hotels. Thus, four- or five-star hotels and boutique hotels in Siem Reap Province were targeted in the study. UNCTAD (2007) suggested that upmarket enterprises that have high service standards for customers are seen as a primary source to transfer tourism-related knowledge and skills to the local labour force. Likewise, to provide such high-standard services, enhancing skills for employees at all levels including entry-levels is vital (Fortanier & Van Wijk, 2009).

According to unpublished statistics received from the MoT, in total, there were 43 upscale accommodation establishments (four- and five-star hotels) (owned by foreign and domestic investors) in Siem Reap in 2017. The study also aimed to compare the training activities of FDI establishments with those of locally owned firms. Hence, all of them were included as key respondents in this study. Additionally, to achieve the research aim and objectives, the perceptions of local employees who had experience working in customer service and top management



or HR managers who were closely responsible for training activities in those hotels were important. Therefore, both parties were selected in this study.

#### **4.2.2 In-field research**

Once tentative interview questions had been developed and key respondents identified, I travelled to Cambodia. To put this research into practice, I visited MoT, which is located in the capital city, to seek advice from my senior management and colleagues on how to approach respondents. As a result, a letter from the ministry, which introduced me and my study purpose to related stakeholders (including private sectors and the SRPTD), was authorised.

##### **4.2.2.1 Sampling approaches**

In this research, snowball and purposive sampling techniques were applied to approach key respondents. A purposive method allows researchers to select respondents who are believed to represent the population characteristics (Gray, 2004, 2014; O'Leary, 2010). Snowballing enables the researcher to identify other key participants from social networks (Gray, 2004, 2014; Merriam & Tisdell, 2015; Tracy, 2012).

Before going to the field, I asked a senior officer who works closely with the private tourism industry to recommend me to some managers in large-scale international brand hotels in the province who I believed would be hard to access. However, I did not receive any response from them. Therefore, I decided to venture to the province on 10 July 2017. During the first two weeks in the field, I searched for the addresses of key respondent hotels from their websites, and then I dispatched invitation letters (attached with the letter issued by the MoT and the AUT ethics-related documents) via printed and electronic mail. The printed invitation letters were sent to 21 hotels, including local and international

upmarket hotels. Since I did not receive positive answers as I expected, I kept dispatching the mails to as many hotels as I could during the following weeks. At the same time, I contacted other colleagues to forward my research invitation letter to appropriate organisations.

Moreover, when I dropped the invitation letter at some hotel reception desks, I randomly asked a number of employees whether they were interested in being involved in this research. However, most of them gave the common response that I had to obtain an approval from the hotel HR department first. I was afraid that the managers would restrict them from participating or the managers would prepare the employees on their participation. Hence, to avoid data bias, I decided not to approach their HR managers. Therefore, most of the key participants in this group were selected as a result of recommendations from my personal networks and local acquaintances.

#### **4.2.2.2 Interviews**

In this study, 18 semi-structured interviews were conducted between 18 July 2017 and 4 August 2017 in Siem Reap, Cambodia. Details of the participants are discussed in Chapter 5. Interviews were scheduled according to key respondents' availability. Interviews with top management and HR management respondents took place in their office and the hotel's lobby. Interviews with employees were undertaken in a local café. Interviews with two participants who were former staff of one international brand hotel were conducted respectively at his own business establishment and at her house. The other two respondents agreed to participate when I had already left the province; therefore, they were interviewed by phone because of the limitations of time and resources that restricted me from travelling back to the field again.

It was found convenient to start a friendly conversation with the group of employee respondents; perhaps they were in a similar age group to me (20–30 years old). However, with the group at management level, that type of conversation occurred in the middle of the interview. The majority of the interviews lasted between 30 and 60 minutes, except for five that lasted around 120 minutes. Interviews were undertaken in English with two management respondents who were foreigners. For the rest, the Khmer language was spoken. A tape recorder was used after each participant consented; however, one refused because he did not feel comfortable. At that time, the note-taking technique was mainly used to record the interview data.

#### **4.2.3 After-field research**

Raw interview data obtained from all participants in this study were analysed using a thematic method. First, I listened to the tape recordings and read the notes from each participant, then translated the extracted data into English. As suggested by Braun and Clarke (2006), Merriam and Tisdell (2015) and Tracy (2012), it is important that the researcher familiarises herself with the data.

Subsequently, the collected data were reduced into manageable proportions. Data were managed by coding (Merriam & Tisdell, 2015). Coding can be processed through software or manually (Braun & Clarke, 2006). In this study, the data were coded on a spreadsheet in Microsoft Excel. There were three levels of coding. Initial codes were processed by grouping the data into similar patterns. Then, initial codes were grouped into the two upper levels of themes. Separate spreadsheets were used to compare and contrast the data from different groups of respondents within the same theme. Following this, the data were reported in the form of the qualitative narrative approach, by which quotations and events within

each theme were exposed. This approach is the most popular method in qualitative research (Creswell, 2007). Additionally, interpretation and explanation of data within each event were also presented. As Gray (2004) suggested, it is necessary to go beyond description, and this requires the researcher to interpret and to explain the data.

### **4.3 Summary**

Overall, this chapter has presented the research methodology designed for the study in both theoretical and practical ways. To achieve the aim and objectives, a qualitative methodology was highly applicable. The approach enabled the researcher to seek rich data on the impacts of FDI hotels on local human capital development through the perceptions of employees and management in the Siem Reap hotel industry.

Research experiences have also been discussed step by step (pre-field, in-field and after-field). First, key respondents and tentative interview questions were developed. Then, semi-structured interviews were conducted where deep information was probed. Subsequently, data were analysed into themes, and finally reported through the researcher's interpretation using the respondents' statements.

## Chapter 5 Findings

### 5.1 Introduction

This chapter presents the results that the researcher gathered from the field research through face-to-face semi-structured interviews. There are five main sections in the chapter. To begin, the profiles of the participant hotels and respondents are reviewed. The chapter then discusses the following: comparison of T&D implementation, T&D constraints, effects on human capital development system and participants' suggestions.

Section 5.3, **“Comparison of training and development implementation”**, examines the similarities and differences of training practices within and between each group of participant hotels. The chapter also highlights, in Section 5.3.3, the best practice of one international independent hotel and one local hotel under the heading **“Exceptional cases”**. Next, Section 5.4, **“Training and development constraints”**, discusses barriers of the employee training and underlying causes. Then, the relationship between FDI impacts and human capital development are explained in the following section. Negative perceptions on the presence of multinational brand hotels are also highlighted. Following that, the chapter suggests what can be done to improve the local HR in tourism and hospitality in the province based on participants' opinion.

### 5.2 Hotel and respondent profiles

#### 5.2.1 Hotel profiles

Ten hotels participated in this study. They are grouped into three types based on enterprise ownership—specifically international chain, international independent,

and local hotels (see Table 5.1). The first group is classified as international chain hotels because both of the hotels were affiliates of multinational chain hotels.

Table 5.1: Profile of participating hotels in Siem Reap

Group	Ownership	Hotel Names <sup>a</sup>	Type	Number of Rooms	Number of Employees
1	International chain hotels	Golden Rock Hotel	5 star	238	320
		Yellowmoon Hotel	5 star	213	228
2	International independent hotels	Forestcat Hotel	Boutique	31	125
		Honeybee Hotel	Boutique	48	105
		Soundless Hotel	Boutique	26	63
		Bamboo Hotel	4 star	199	95–120 <sup>b</sup>
3	Local hotels	Seyla Rose Hotel	4 star	74	60
		Brown Spider Hotel	4 star	189	160–189 <sup>c</sup>
		Woodland Hotel	4 star	115	85
		Smoothie Hotel	5 star	189	212

Notes: <sup>a</sup>Pseudonyms. <sup>b</sup>95 staff during low season; 120 during high season. <sup>c</sup>160 staff during low season; 189 during high season.

Group 2, international independent hotels, in the study consists of two types of ownership: fully owned by foreigners (Forestcat and Honeybee) and Cambodian–foreigner partnership (Soundless and Bamboo). The reason these hotels are grouped as international independent hotels is that, firstly, they were predominantly invested in by foreign capital. Secondly, these hotels were not associates of any hotel chain. Finally, Group 3, local hotels, refers to the establishments solely owned by Cambodian investors.

Data analysis revealed that Group 2 and Group 3 hotels had much in common regarding their T&D activities. This is simply because these two groups are non-chain hotels. Thus, findings about Group 2 and Group 3 hotels were merged when reporting, while Group 1’s data are presented independently.

### 5.2.2 Respondent profiles

In total, there were 18 interviewees in this study. Ten respondents were from senior management positions (general managers, HR directors and T&D managers). These participants were primarily responsible for HR development in the hotels. The other six participants held less senior positions in operational departments. Interviews were also conducted with two respondents who were former staff of an international brand hotel. Table 5.2 below presents detailed information about the respondent profiles.

Table 5.2: Profile of respondents by their professional background

<b>Names<sup>a</sup> (Alphabetical Order)</b>	<b>Participants in High Management</b>
Charlie	Charlie has been a training manager at the Golden Rock (Group 1) in Cambodia for five years. Charlie worked in this position in another country in the past.
Christina	Christina is a training manager at the Yellowmoon Hotel (Group 1). Christina first joined the hotel in 2006.
Edison	Edison has worked as a general manager at the Forestcat (Group 1) for about a decade.
Maxim	Maxim joined the Honeybee (Group 2) 2015 as a general manager.
Nick	Nick is an HR manager at the Soundless Hotel (Group 2). He joined the hotel in 2009.
Peter	Peter is an HR manager at the Bamboo Hotel (Group 2).
Romeo	Romeo has been an HR manager at the Seyla Rose Hotel (Group 3) in Siem Reap since 2016. His previous work background was as a training manager in one international chain hotel.
Scott	Scott has worked for the Brown Spider (Group 3) since 2012 as an HR manager.
Tanya	Tanya is a general manager at the Woodland Hotel (Group 3). He previously developed himself from the supervisory level to middle and top management levels in six other hotels.
Tommy	Tommy has been a general manager at the Smoothie Hotel (Group 3) for three years.
<b>Names (Alphabetical Order)</b>	<b>Participants in Lower Management and Employees</b>
Bob	Bob is a waiter at the Golden Rock (Group 1). Bob has been working in the position for three years.
Collin	Collin has been working at the Yellowmoon (Group 1) for 13 years. Currently, she works at the middle management level in the front office.
Erik	Erik has been working as a waiter at the Forestcat Hotel (Group 2)

	for one year. He had experience working at a local restaurant in the previous five years.
Floy	Floy has been working for the Bamboo (Group 2) for eight years. Floy holds a position at the line management level in the front office department.
Juliet	Juliet works at the Seyla Rose Hotel (Group 3) in a supervisory position at the front desk.
Mojo	Mojo has been working for the Smoothie Hotel (Group 3) for around three years. He started his first career in the hotel in the food and beverage department as a waiter before he moved to the front office department.
<b>Names (Alphabetical Order)</b>	<b>Former Employees</b>
Adel	Adel worked for the Fat Rabbit Hotel for five years in the F&B department. Currently, she works in another field outside hospitality.
Dave	Dave started his first career in the hotel industry at the Fat Rabbit Hotel 20 years ago as an assistant to the front office manager. He moved to a few local hotels and held top management positions until in 2014 when he became an entrepreneur in accommodation. Currently, he owns three properties.

Notes: <sup>a</sup>Pseudonyms.

### 5.3 Comparison of training and development implementation

The interview data showed similarities and differences in T&D practice within and between each group of hotels. The comparison was made based on two fundamental factors: T&D pattern and T&D-supporting methods. T&D patterns in this study refer to training types and the nature of the training program, whereas T&D-supporting methods include training delivery approaches, training monitoring and finance to run training. This section first discusses T&D implementation in Group 1 hotels (international chain hotels). The following part discloses the practices in Groups 2 and 3 (non-chain hotels). An exceptional practice was found in Group 2 and Group 3 hotels, and it is explained in Section 5.3.3, “Exceptional cases”.



### **5.3.1 Group 1: International chain hotels**

#### **5.3.1.1 Training and development patterns**

It was apparent that the T&D in the international chain hotels is standardised and consistent with other hotels in their chains. This is due to the training being determined by their parent hotels in the chain. For example, as stated by Charlie (Golden Rock), programs that the hotel provides to the employees in Cambodia are the same in Thailand and Singapore. Christina (Yellowmoon) concurred by commenting that *“some training programs are the standard of the parent group that we cannot customize, but others that are based on our country context, we can simplify it”*.

Additionally, training programs provided by Group 1 are wide-ranging. Besides job-specific training, which refers to “know-how” in performing tasks, many generic training programs are provided by the Group 1 hotels. Commonly, the programs are focused on skills beyond the know-how level and are conducted by the HR department. Special programs are designed for newcomers as initial training, and existing employees also receive specific ongoing training programs depending on their position.

For instance, the Golden Rock Hotel Group has developed a learning pathway that includes a number of training programs to be conducted annually for every newcomer and existing staff at all levels. Initial training for newcomers tends to focus on transforming employees to the international brand hotel environment. For example, on the first day of employment, employees need to attend an orientation program that overviews a clear picture of the hotel’s products, services and cultures. In addition, the hotel has launched a specific program to adjust the

behaviour and perceptions of local employees when working in the hotel environment from the beginning of the job:

*Charlie: I would say this is very important especially in Cambodia because most of our employees are not properly educated and don't have good understanding of the hospitality business. Although they have experienced working in the hotel industry, it is quite a transition to moving up to the international luxurious brand. So we make sure they're able to adapt to the new environment. It's not about being able to do a job but to be able to cope with new surroundings. We are helping them to feel at home and feel valued at the workplace.*

Charlie went on to say the programs are labelled as “brand accreditation”, which is formal training in the hotel. In addition to the brand accreditation training program, a number of subsequent trainings are offered to existing staff, counting from entry level to leaders that are likely to focus on branding and soft skills development.

Cross-departmental training among operative employees is also available upon employees' requests. For example, Charlie commented that “*Cross training is initiated by our staff, it's not a must. Most of the time maybe 80% of the time, I have cross training because of an anticipation of vacancy*”. According to the hotel group's website, there are more training programs that Charlie did not mention; these mostly focus on soft skills improvement rather than specific know-how skills.

Likewise, the Yellowmoon Hotel Group has initiated training to be conducted yearly. Initial training for new employees conducted by the HR department includes a one-and-a-half-day orientation training and service culture training. During the initial three months, newcomers are also required to attend departmental training, which mostly focuses on job-specific training:

*Christina: Then when they go to their own department, what they're going to be trained in during these 3 months is up to their head of department. For departmental training, for example, front desk staff, they get trained*

*about systems to process check-in, what to ask the guest, what to note in the system, check-out process, what to ask when guests check out to make sure they are satisfied with the services.*

For ongoing training, besides receiving departmental training, which mostly focuses on job-specific skills, existing employees at all levels are required to acquire other generic training assigned by the HR department. Collin, a middle manager in the front office, and Christina, a training manager in the hotel, gave examples:

*Collin: Training is not just about our own tasks. We are also required to get trained in HR initiative trainings which are in class and online. Much training relates to our job and the hotel's brand... in the low season, staff need to get trained in at least 3 modules per month. The modules relate to service culture training, loyalty build, brand activation, upselling skills and so on.*

*Christina: For supervisory level and up, we have another course named "Win with talent". It is about how to coach people because it is important for them on how to observe and coach their team.*

To develop their employees' competence and career, the Yellowmoon Hotel Group has initiated a program named "Yellowmoon Hotel Group Career" as shown in Figure 5.1.



Figure 5.1. "Yellowmoon Hotel Group Career" program  
Source: Researcher

According to Christina's explanation, the program plays a role as an incentive tool as well as to develop the professionalism of employees before they move to another level:

*Christina: If we want to promote a staff member, normally we plan to develop them first... To get them ready, we register them in the "Yellowmoon Hotel group career development" program. So we set it this way. So if the staff member wants to get promoted, we assess them if they've gone through this program.*

Christina continued:

*For the program, we will select potential employees whom we think can become a leader in the future. We have to screen through their behaviour as well... The program lasts 1 year. During the year, there are a lot of skills to be studied, not just their work-specific skills. There is a lot of training on leadership competence development. Their performance is observed by their department head. Before they start, they need to assess themselves on what they know or need to learn and after 6 months they reassess themselves. And at the end of the year, there will be 3 additional assessments: self-assessment, assessment by head of department, and assessment by me. I will interview them to evaluate them if they do the right things.*

### 5.3.1.2 Training and development supporting methods

As identified in the interview data, to ensure effective T&D practices in the hotels, several factors are taken into consideration. They are the training delivery approach, training monitoring, incentive approach and funds.

In regard to the training delivery approach, international brand hotels use a similar approach to deliver their programs. For a number of professional courses, trainers in each department are sent abroad to attend training at the hotel's headquarters or the hotel's own academic centre in order to become certified trainers before they can conduct training in the hotels.

Interestingly, the Yellowmoon Hotel Group has added an online approach for training. Online training is compulsory:

*Christina: For online courses, every staff member needs to acquire ... no matter whether staff know how to use the computer or not, they must attend it because **there's a track of training hours and record that is set by the parent hotel.***

However, there are a number of challenges in using this approach as a compulsory tool, which are discussed in detail in Section 5.4, "Training and development constraints".

In terms of monitoring training, T&D activities and outcomes in this group of hotels are rigorously managed and monitored by their parent hotels. Examples in this area are:

*Charlie (Golden Rock): As you see it is a training record that our staff have done. Monthly, we collect all the attendant sheets of training that were conducted by different departments. ... We have internal and external auditors. They would come to my office and ask for the training record of a specific staff member. So then, you will be able to show them the record.*

*Christina (Yellowmoon): The company has a control system to monitor if the one who is certified to be a trainer delivers training or not ... if the parent hotel auditors find out the hotel hasn't implemented their training programs, the hotel will face a serious problem.*

In addition, to motivate their employees to attend training, the handing out of certificates is used as an incentive method. The certificates are also beneficial for

employees in terms of their career. Christina and Collin from the Yellowmoon Hotel commented that:

*Christina: For every topic that trainees pass (the test), they will get a certificate. This will be recorded in the system, so when they apply to other hotels under the same group, those hotels can check their application easily.*

*Collin: There are certificates provided after each course finishes. I can use some of them outside the hotel...*

In relation to finance for training, international brand hotels have a substantial budget for running T&D programs, especially formal training. For instance, Charlie asserted, “*we spend a minimum of three per cent of our payroll on training*”. He also revealed that the hotel needs to spend around USD1,000 if one employee is sent to attend training abroad (in Thailand) for a week. Additionally, in-house formal training in the hotel is also supported by a considerable budget (Charlie, Golden Rock).

Likewise, Christina also claimed that the Yellowmoon spends a significant amount on staff training annually. For example:

*Christina: ... for our hotel here, we also spend a lot every year on training especially when sending our staff abroad to participate in training that is assigned by headquarters. Each time we send staff abroad, it costs around USD4,000 to 5,000. Some 2-day courses cost around USD2,000 to 3,000. And about the online course, we pay around USD6,000 per year just for the ID users for all of our employees.*

Summary:

- T&D pattern in Group 1 hotels:
  - T&D programs are substantial and conducted under a systematic or strategic plan (consistent with the chain T&D planning).
  - Training nature and type focus not only on know-how or job-specific skills, but are also related to branding and staff development (career development).
- T&D supporting methods:
  - Internal certified trainers are used.
  - T&D is monitored rigorously by their chain auditors.
  - Substantial budgets are available to support training.

### **5.3.2 Groups 2 and 3: International independent and local hotels**

As mentioned, the report merged Group 2 and Group 3 hotels because they are non-chain hotels and they share common T&D practice.

#### **5.3.2.1 Training and development patterns**

Unlike international brand hotels, interview data with most of these non-brand hotels revealed that the T&D pattern in the hotels is more flexible and ad hoc. Training programs are not standardised and can be arranged based on staff performance or actual needs for improvement. Floy from the Bamboo (Group 2) stated:

*Floy: ... so we arrange training based on staff performance. If their performance is going down, that means they forget about their duties, I refresh them again and again.*

Additionally, training programs can be internally developed by the management team based on their knowledge and previous experiences. Examples in this area are:

*Floy: For ongoing training, I have documents to train my staff. I got the documents from my previous workplace; some are from my own research.*

*Edison (Forestcat): Example for me as a GM, I have some books and documents from internationally well-known hospitality institutions, I need to choose some topics from them as references and based on what our hotel needs to be improved, I develop a training program.*

According to the interview data, compared with the chain hotels, training programs in most of the Groups 2 and 3 hotels are relatively limited because they are restricted to fitting only the hotels' specific situation and needs.

Frequently, initial and ongoing training is about job-specific skills and not brand- or career-focused skills. Specific formal training programs for career development are rarely found. Examples were collected from almost all of the hotels in these two groups:

*Edison (Forestcat): ... training is more likely basic related to the hospitality skills, for example, front office, we do telephone handling, we do how to handle the complaints of the guests, we do the suggested selling program ... For F&B, we have suggested selling, service sequence like how to approach, how to take order, how to provide the best service to the customers; and general knowledge to talk to customers ...*

*Nick (Soundless): For training, we do it annually. Most of training is related to their work ... And about generic training that is arranged by the HR department consists of first aid training, child safety training, firefighting...*

*Peter (Bamboo): ... about generic external training that the hotel has been involved with, so far there's been training regarding gender, but there's never been about hospitality-related training.*

*Tanya (Woodland): ... for entry level staff, we have done it already this year. We call it in-house training. It means we refresh all new and old staff to improve the service providing quality, also to satisfy customers ...*

*Tommy (Smoothie): For existing staff, we keep training every year in the low season ... We don't have external training ... We keep the learning-by-doing training to refresh their technical skills. For operational departments such as front office, food and beverage, spa, it's important to keep learning-by-doing training because they directly contact with guests. From HR training, we have the hotel regulations and on. And for their departmental training, for example, in front office, we have how to deal with guests, how to handle guest complaints, how to work under pressure.*



### 5.3.2.2 Training and development supporting methods

In terms of training delivery approaches, generally, the method of having certified trainers does not exist in these groups of hotels. Primarily, heads of department or HR managers can conduct internal training based on their knowledge and experiences. The few hotels that offer formal training for generic skills mainly rely on external training provided by a number of private centres. Examples from the Honeybee, Seyla Rose and Brown Spider Hotels are, respectively:

*Maxim: We have other training run by private schools such as SHINE (Singaporean training institute). Besides, there are other associations and federations such as Camfebar and CHA. We also send our staff to learn a short course about the English language at ACE (English school).*

*Romeo: And about outsourced training, we invite trainers from outside ... we cooperated with SHINE school.*

*Scott: We have worked with training centres like Camfebar, and SHINE that provide supervisory skills, management leadership, and sales & marketing skills.*

Regarding monitoring, training implementation and outcomes in these hotels are independently and internally monitored by the hotels' own management teams:

*Edison (Forestcat): We do have an assurance quality manager who is checking on every department to maintain our standard and the quality of our services and every corner and area that we need to be improved.*

In contrast to the international brand hotels, strategies to enhance the effectiveness of training have not been strongly considered among almost all the hotels in these two groups. When asked about the matter, nearly all respondents commented that they do not have any specific strategies. Further discussion on this point can be found in Section 5.4, "Training and development constraints".

In relation to training funds, the two international independent hotels owned under a Cambodian-foreigner partnership and one local hotel stated clearly that

their hotels do not have sufficient funds for training, especially for external training. This makes them fully reliant on internal training, which they suggested is not good enough.

*Nick (Soundless): We don't have enough budget for external training for our staff. But for in-house training, we can afford to train them, it's not a problem.*

*Peter (Bamboo): We don't send staff to train outside nor hire external trainers because we don't have budget for that. We train internally. I don't think internal training is good enough. If we have external training, we will get broader knowledge.*

*Mojo (Smoothie): The challenge is the hotel don't have budget for training.*

*Tommy (Smoothie): We don't have external training.*

One HR manager in another local hotel did not make a clear statement about training funds but later exclaimed that a drop in revenue of the hotel operation affects T&D implementation:

*Scott (Brown Spider): I don't really know about the budget for training here in the hotel ... T&D cannot be improved at the moment yet, we can do it after we get more income.*

Financial limitation was found to be one of the major constraints on employee skills development and will be discussed further in Section 5.4, "Training and development constraints".

Summary:

- T&D pattern in Group 2 and Group 3 hotels:
  - T&D programs are less varied and conducted under ad hoc practices (based on actual needs and situations) rather than a strategic plan.
  - Training nature and type focus more on know-how or job-specific skills and more likely to be informal on-the-job training, and less focused on staff development.
- T&D supporting methods:
  - Internal senior employees or supervisors are used.
  - T&D is monitored independently by own management (no T&D audit team).
  - Little budgets to support training, especially external training.

### 5.3.3 Exceptional cases

In these results, it can be seen that, typically, T&D in the majority of the Group 2 and 3 hotels seems to be less developed than in the Group 1 hotels. However, the Honeybee and Seyla Rose Hotels differ from the others. The hotels support T&D for their employees at a higher rate than the rest. The T&D activities in these hotels are now discussed.

The Honeybee (international independent hotel) appears to provide a wider range of training programs to their employees through external training than the rest of the group. For example:

*Maxim: During the low season (6 months), we provide a lot of training. We send one head of department or assistant to attend external training once a month. For some training programs, we appoint a team leader or supervisor. For some training at the national level, we appoint departmental managers to attend. After they complete this, they arrange training plans and programs for their own subordinates.*

The hotel seems to invest in training, especially external training, for their staff more than the rest. For instance, external training is undertaken at a number of qualified training centres in the country and also abroad:

*Maxim: ... there are other training programs such as effective communication, handling guest complaints, and so on that are organized by private schools like SHINE. Besides, there are other associations and federations such as Camfebar and CHA. We also arrange for our staff to study the English language at ACE (English school). There's also an overseas training. Last year, we sent a room division manager and a housekeeping manager to Vietnam to attend training about the effective use of water facilities and amenities. We also sent our human resource manager and sales manager to Thailand for global tourism training.*

Cross training is also available in the hotel so that employees gain multiple skills. The existence of stronger support for T&D could be associated with the stated commitment of the hotel towards its employees. The Honeybee's commitment towards employee development was initiated under a form of social enterprise, as Maxim explained:

*Maxim: One of the owners came to visit Siem Reap on an adventure tour. On the last day, he went to visit rural areas in the province. That day was the day he realised the true living standards of Siem Reap residents. He saw young children carrying bricks with no shirt ... That's why the owner built 3 schools, and collects poor children to study. Then he noticed that those students who were about to finish their courses looked worried because they didn't know what they were going to do after they finished the school. Because they used to go through such a poor and difficult life, they didn't know how to live by themselves again after finishing. They were afraid that they would go back to their old life path. So he and his partners decided to build this hotel for them to work in, so that the students would stop worrying about their future.*

Training programs conducted by the Seyla Rose, a local hotel, are the most varied because the hotel provides more generic skills internally and externally. In addition, the HR team in the hotel seems to be one of the most developed among the Group 3 hotels. For instance, new employees are trained from when they start work, not only in job-specific skills, but also in soft skills such as customer service skills, presentation skills, employee engagement and performance management.

Additionally, in terms of external training, the hotel hires an outsourced training centre, SHINE, to give training exclusively on a particular course, "Business

Professional Certificate”, for their employees at every level. Those who have enough English knowledge can enrol. Trainees receive certificates, which can be beneficial for their career. Guest speakers from different international training organisations are also used as part of the T&D program in the hotel.

This level of support for T&D could also be associated with the hotel’s stated belief that T&D is an effective intrinsic motivation for its employees; as Romeo commented:

*Romeo: ... we have a high commitment to T&D because we believe that what employees need is what we need. Staff don’t only need high salaries, they truly want to be promoted, to be developed in their career path. An employee’s growth is the company’s responsibility... so we need to create T&D that makes them grow. So the commitment to them is an intrinsic motivation that develops and motivates staff a lot.*

These two hotels’ capability to more highly prioritise T&D for their employees is probably associated with a larger amount of capital investment in their organisations. The Honeybee and Seyla Rose Hotels were found to be part of multi-business firms; therefore, they have less concern about financial issues than “stand-alone” hotels and this enables them to invest more in their employees. For example: *“I have no concern about revenue ... because the hotel group (another business of the hotel’s owner) is mature in the industry”* (Romeo, Seyla Rose).

#### 5.3.4 Summation

Table 5.3: T&D implementation in all groups of hotels

Comparison Elements	Group 1	Group 2 And Group 3 (the Majority)
T&D pattern	Strategic/long-term plan (based on the parent hotel’s T&D planning)	Ad hoc/short-term practice (based on hotel’s operation)
	Wide-ranging programs (on-the-job and formal training)	More limited programs (mostly informal on-the-job training/learning-by-doing)
	Focus on job-specific skills,	Focus mostly on job-specific

	branding, and staff/career development	skills
T&D-supporting methods	Parent hotel's audit team (more rigorous monitoring)	Own management monitoring (less rigorous)
	Certified internal trainers	Internal senior employees
	Substantial funds	Struggle with funds

A summary of the “**Comparison of training and development implementation**” is presented in Table 5.3 above. In Group 1, T&D practice seems to be strategically conducted. This group provides not only on-the-job training, but also formal training in a sizeable number of programs. The nature of the training programs in Group 1 focuses not only on job-specific or know-how skills, but also on branding and especially employee development skills for future careers. T&D support in this group is also strong. Employees who act as trainers need to be first certified by the headquarters. With rigorous monitoring and substantial budgets, T&D practice in Group 1 was deemed more developed.

In contrast, T&D activities in non-chain hotels (Groups 2 and 3) are likely to be short-term or ad hoc. T&D is operated based on the actual requirement or situations and mostly conducted under the on-the-job training format. The programs of most hotels focus more on job-specific skills; only a few include career advancement skills. Less rigorous monitoring, limited budgets and less structured trainers make T&D support in Group 2 and 3 hotels relatively less effective. However, not all non-chain hotels care little about T&D activities. Two hotels were found to be exceptional since their commitment towards staff development was deemed higher than the rest.

## **5.4 Training and development constraints**

This section presents findings that suggest that all participating hotels are facing barriers to staff training activities. These constraints can be grouped into two fundamental types: institutional and external. Institutional constraints refer to difficulties occurring inside the organisation; external constraints cover incidents not under the hotels' control that affect the T&D activities of the hotels. Particular groups of hotels experience particular difficulties. In some cases, the majority of the hotels experience common issues. The section discusses each constraint in detail.

### **5.4.1 Institutional constraints**

Institutional constraints consist of low employee competence, employees' personalities, management influence from parent hotels (Group 1), lack of proper T&D management, financial limitation, ownership and high turnover rate.

#### **5.4.1.1 Employee competence**

Areas of limited competence of employees includes language, technology, low education background and a lack of consistency. Two management respondents in the Group 1 hotels gave similar responses about the limited English knowledge of their operative employees, which has made them put a number of efforts into improving their English knowledge. For example:

*Charlie (Golden Rock): ... it is also a language barrier like I mentioned. For most of our front office and F&B staff, we will make sure that they are able to use English. We have collaborated with ACE (English training school) to offer discounts for our staff. Also, during trainings (in-house), I always push the staff to speak and practise in English.*

*Christina (Yellowmoon): For online training, every staff member needs to attend and their problem is the language barrier. Sometimes, I have to sit with them when they attend those online courses and I need to teach the topic again in the in-class training.*

This factor is also a major concern for almost all of the hotels in Groups 2 and 3. For example, *“I can’t say they offer good service ... because of the language ... we teach them 10, they can get only 5”*, as asserted by Tommy (Smoothie). Moreover, a low educational background of the local workforce also limits their ability in “acquiring” skills, especially *“when adding new things besides what they’ve already known”* (Tommy).

Additionally, a lack of computer literacy is one of the main challenges in implementing T&D found in the Yellowmoon Hotel, as emphasised by Christina, the hotel’s training manager. This is highlighted by the hotel’s adoption of an online training program, required by its parent hotel:

*Christina: We have online training and it’s our challenge because many of the old generations in our hotel don’t know how to use the internet and computer such as kitchen and technician staff. The problem is for those who don’t know how to use computer. So it takes time for me to present the course to them again and explain them. Sometimes, I am the one who works on the test instead of them on the computer.*

A lack of consistency in performing the job was also raised in the interviews with the Golden Rock Hotel (in Group 1) and Honeybee Hotel (in Group 2). For instance, the T&D manager at the Golden Rock Hotel, Charlie, strongly expressed that *“a lack of consistency”* in the job performance of his employees was another constraint in skills development. To be more precise, employees do not practise what they have been trained, so the hotel has to constantly provide refreshing training in a specific area. Here is an example:

*Charlie: Consistency, consistency. You train them, they know; but they don’t do it consistently. We have to do constant refreshing (training) and monitoring. Sometimes, it gets frustrating for the leaders.*

Like the Golden Rock Hotel, the factor was considered to be a critical challenge at the Honeybee Hotel as well:



*Maxim: We need ongoing training to refresh our staff. One difficult thing in training is that studying new things is not difficult but maintaining what they've studied is hard. Keep it consistent is hard. For example, the procedures to welcome guests are A B C D. During the first week after training, they follow all the steps. But after that, they perform A C D, and later B C D. It is one of the critical challenges. That's why we keep the ongoing refresh training.*

#### **5.4.1.2 Employee personalities**

The employee personality factor consists of an unwillingness to attend training, cultural differences and social status and the difficult financial backgrounds of local workers. In terms of the unwillingness to learn, Charlie and Christina from Group 1 hotels had a common perception that some employees are not willing to develop themselves. This can be illustrated by:

*Charlie (Golden Rock): People don't care to change. When I ask you for something new, you tell me you don't know. You are so lucky that today everything is at your fingertips. I ask you today, and tomorrow you still say "I don't know"? You have 24 hours to find the answer. If you want to be at the international level, you need to start now.*

*Christina (Yellowmoon): Another challenge is staff don't want to attend training in their working time... they want time to finish their tasks.*

Likewise, employees' unwillingness to learn was raised by nearly all the local hotels as a major problem. This was highlighted by three managers from the Group 3 hotels (locally owned):

*Scott (Brown Spider): The hardest part is to educate their mindset to obtain self-improvement. Some staff still don't want to learn to improve themselves. They don't wish to grab the opportunity to learn more things or new things.*

*Tanya (Woodland): Sometimes when we have formal training programs, they aren't interested in attending. Rank and file (operational level) staff, they don't really want to compete to be promoted... they don't really want to get more things besides coming to work, although we put a lot of effort into motivating them.*

*Romeo (Seyla Rose): What concerns me is some staff never attend training... those who don't attend, I think this possibly is because they're not willing to learn.*

Despite this concern from the majority of management respondents about the unwillingness of employees to develop themselves, interview data received from the employee respondents showed a significantly different perspective. The employees claimed that:

*Bob (Golden Rock): ... I used to propose to my upper management level to give more training, for example, regarding handling complaints, finding solutions for handling guests, being empowered to deal with guests.*

*Mojo (Smoothie): .... For me if there's more training I am very happy to join.*

According to the management interviews, the willingness to learn seemed to be associated with career goals. For example, from one manager's perception, "*when there is a lack of a clear goal, their willingness to develop themselves is also low*" (Romeo).

It is important to highlight that the study found cultural differences to be one of the main problems that emerged in one hotel in Group 1. From Charlie's perception, this makes it hard for local employees to blend into the international service culture and standards. Hence, training, in which every detail needs to be instructed, is important. Charlie explained:

*Charlie (Golden Rock): ... like setting a table, in general, they would know that there should be a glass, a fork... And then you ask them what is the kind of fork for? Telling this to people who don't use a fork at home, how do you expect them to know the different kinds of forks? ... we need to make people understand why things are done in a certain way. For example, for our food safety program, we train our people every step from the delivery area to the kitchen. Like if it is frozen, it has to go directly to the freezer. You cannot have these items sitting at room temperature for a certain number of hours; otherwise, it may cause food poisoning in guests. How do you make people understand these things, when every day of their life they go to buy food in the market where the food isn't refrigerated and the food never makes them sick?*

Interestingly, low social status and the difficult financial backgrounds of local employees also make it difficult for training to tailor their personalities to fit with hospitality professionalism. This happens in the Honeybee Hotel (Group 2):

*Maxim: Most of the staff whom we hired are from poor families and they have difficult backgrounds. They have low self-esteem and low self-confidence because they are used to believing that they are nobody in this society, so it takes time to tailor them. We have to put a lot of effort into them.*

#### **5.4.1.3 Influence from parent hotel company**

The factor of 'influence' from parent hotel company affected one international chain hotel. According to the interview transcripts, a change in business operations and parent hotel approaches to training also caused some difficulties for staff T&D in the organisation. The constraint caused by the change in one international hotel resulted from the merging of two parent groups. As illustrated:

*Christina (Yellowmoon): This year is the year that our Group and Y Group are combining; Y's started to insert their own system into all former Yellowmoon's group hotels. So we don't have time to focus on training because we are working a lot on upgrading the system to operate the hotel to adapt to Y system.*

Training approaches that are strictly arranged by the parent hotel group also affect the training practice in its affiliates, such as occurred at the Yellowmoon:

*Christina (Yellowmoon): For the online training, no matter whether staff know how to use the computer or not, they have to do it because there's a track of training hours and records ... every staff member has their own ID to access the online course no matter what position they are in. Language barrier is a problem. Here, in Cambodia, since there is only one affiliate, we can't suggest that the group translate the courses into our own language. Sometimes, I have to sit with them when they take those online courses, and I need to train the topic again in the in-class trainings ... effectiveness of online training isn't as much as in-class training because we can't concentrate well in front of the computer for the whole course, like we normally get distracted by our colleagues and tasks ... Some staff they come to ask me for a favour when they couldn't pass the tests on the online courses. It is a requirement for them to pass the exams.*

#### **5.4.1.4 Lack of proper training and development managing**

Meanwhile, a lack of effective T&D management is another staff development constraint, as found in almost all hotels in Groups 2 and 3. As mentioned previously, T&D monitoring in these groups is less rigorous than in Group 1 hotels. Additionally, in some hotels, there is a lack of training team or individual. For instance, training programs are developed and run by general managers rather than people from the HR team: *"Example for me as a GM ... I develop training programs,"* Edison (Forestcat).

In some cases, it was found that there was only one employee working in the HR department, for example: *"I am the only person who works in the HR department, so I don't have time to train"* (Peter, Bamboo). This makes it hard to develop effective T&D in the organisations.

#### **5.4.1.5 Financial limitations**

Almost all hotels in Groups 2 and 3 expressed that T&D constraints were critically caused by financial limitations. This can be confirmed by the fact that those hotels did not provide external or outsource trainings for their employees at all. For example:

*Tanya (Woodland): We focus much on internal training. But for external training, in short we do not have the budget for that. However, I have it (external training) in plan and I will try to propose it to the owner.*

*Nick (Soundless): In short, I have noticed recently a number of external training programs are quite pricey. But for internal training, we can afford to train them, it's not a problem. Our budget is still limited. But some (employees) who are willing to attend the (external) trainings, they spend their own money.*

*Peter (Bamboo): There is no training for management level run by the hotel. We do not send heads of department to train because it's related to the budget; but if anyone wants to gain more knowledge, they pay by themselves, or they can watch YouTube or other (resources) or learn from their friends. Thus, they can develop their subordinates and make their*

*department outstanding. If their subordinates perform well, it also benefits their own image... Like I said we don't send staff to train outside nor hire external trainers because we don't have the budget for that. We only train internally.*

#### **5.4.1.6 Ownership**

It was apparent from the interview transcripts that financial limitations are likely to be associated with the owner's commitment. Respondents from two Cambodian-foreigner partnership hotels pointed out:

*Nick (Soundless): What about the owner's commitment? Hmmm, the parts that are not quite financially beneficial, they (owners) keep it aside.*

*Peter (Bamboo): ... I've tried to mention about something milder to see if they (owners) accept my opinion. If I ask them to improve this and that quite often, the owners aren't happy. I need to adapt to the culture here. Although T&D benefits their business, to raise any related ideas to change, I still need to study about their mind if they're open to accept or not.*

Likewise, another two respondents in one local hotel seemed to have negative perceptions of Cambodian owners in terms of employee T&D commitment:

*Tommy (Smoothie): I have proposed to the owners a training budget, but it has failed. Asking for money from them isn't easy... Some local owners, they tighten the budget for training. They sometimes ignore the benefits of T&D, they only focus on sales or other activities that attract income and they're happy to spend on it. But for investing in something that doesn't bring tangible benefits, they aren't happy to spend. They forget that employees are very important assets for the company. Unlike many foreign hotels, they invest in and implement proper standards for training programs and budget. They're more interested in investment in staff.*

*Mojo (Smoothie): The challenge is the hotel doesn't have finance for training. Since the owners are Cambodian, they tend to be reluctant to invest more in staff training.*

#### **5.4.1.7 Turnover**

From the interview data it was found that a factor that also affects T&D in the majority of Group 2 and Group 3 hotels is staff turnover. Regarding staff turnover, a number of participants commented:

*Tommy (Smoothie): The turnover is too quick...*

*Edison (Forestcat): In the past 10 years we didn't have a high turnover rate, I'd say a maximum of 5%. But in the past two years, it's increased to 10% or 15% ...*

*Maxim (Honeybee): The turnover rate at the beginning of this year is high, around 18%...*

One respondent from a local hotel commented strongly that it complicates the hotel's training plan and schedule. For example:

*Tanya (Woodland): The turnover is too quick ... This year we plan to offer external training for them, but we don't have enough time like I said when there is staff turnover, the arranged schedule for training won't fit anymore. For example, it takes some time to orientate new staff to know about the hotel and to perform their tasks properly; after that the high season arrives. We can't do much in the high season. We can only do briefing at most.*

In contrast, staff turnover is not likely to adversely affect the T&D activities in Group 1 hotels. Charlie, a training manager at the Golden Rock Hotel, did not mention any concerns regarding turnover and training practice at all. However, Christina claimed that the turnover rate at her hotel, the Yellowmoon, is very low, "So those intern students don't have much chance to be recruited because the turnover rate is really low this year".

Summary:

Institutional constraints to T&D:

- Group 1 hotels:
  - low competence of employees (English and computer/internet literacy, inconsistency in job performance);
  - employees' personalities (unwillingness to attend training, cultural differences);
  - influences from parental hotel on business operation and some training approaches.
- Group 2 and Group 3 hotels:
  - low competence of employees (English, low educational background, inconsistency in job performance);
  - employees' personalities (unwillingness to learn, low social status and financial background);
  - lack of a proper T&D managing/supporting structure;
  - limitations of T&D finance;
  - low value of T&D for Cambodian owners;
  - high turnover rate.

### 5.4.2 External constraints

External constraints consist of seasonality, increasing competitors and labour shortages.

#### 5.4.2.1 Seasonality

The characteristic of seasonality in the Siem Reap tourism sector results in training being mostly conducted during the low season (normally from April to September) in all participating hotels. Since training cannot be done year-round, there is a conflict of timing to be found, especially in the Group 1 hotels, where many training courses are assigned. As remarked:

*Christina (Yellowmoon): Challenges for training also involve timing. Employees don't want to keep their work behind to attend training especially in the high season. So, we do most training in the low season. If we don't make it in time, we have to wait until the next year. So time is also the greatest challenge.*

*Charlie (Golden Rock): It's always a conflict of timing ... In the high season it's difficult to schedule training, especially taking them out of operation to go on a one-day training course. But regardless, on-job training has to be done. So I push for it to happen during the low season. Normally, I start to push it in May when the occupancy drops a bit. It's still a challenge because during the low season, I push all staff to take all of their public holidays and annual leave.*

Likewise, all the hotels in Groups 2 and 3 are challenged by training timing because of the seasonality. However, unlike Group 1 hotels and some hotels in Groups 2 and 3 that push for training to be completed during the low season, one locally owned and one Cambodian–foreigner partnership owned hotel have a policy of downsizing their staff numbers, especially at operational levels to save labour costs during the low season. When asked about the number of employees, Scott (Brown Spider) responded that the hotel has 189 staff members in the high season, and 160 in the low season. Likewise, Peter (Bamboo) commented that in the low season his hotel needs only 95 staff members compared with 120 in the high season. Staff, especially at the entry level in operations, can take a break from the hotel without being paid and they can come back when the high season arrives. “*I think this method (downsizing) is used by the majority of locally owned hotels in the province*”, he claimed.

#### **5.4.2.2 Increase in competitors**

The interviews indicated that the majority of hotels in Groups 2 and 3 pointed out the negative effects of the dramatic increase of accommodation enterprises in the province, which eventually also affects the T&D activities in their organisation. To give an illustration, two local hotels (Brown Spider and Woodland) commented that currently the supply of the industry is in excess of the number of visitors in the province. Additionally, a pricing policy has not been implemented in the country. This leads to pricing chaos among the industries:



*Scott (Brown Spider): Currently, in Siem Reap, the supply side (hotels) is over the demand side (customers). Before, one cake was divided by five, but now by 10. Some hotels discount their price lower than their service standard (hotel star) to steal (attract) customers. I think this is not a free market anymore; it's become anarchic.*

*Tanya (Woodland): In our country, we don't have a pricing standard. Some hotels they sell at only a minimum price just to cover their day-to-day operational expenses in order to attract customers; thus, they give low benefits to staff.*

This “chaos” affects the income of the businesses, which can then eventually affect the benefits of staff, including the improvement of T&D in the organisation:

*Scott (Brown Spider): T&D cannot be improved nowadays unless we get more income. The budget of training cannot be higher than sales. The hardest part is because our hotel doesn't get quite so many customers.*

Additionally, the findings also suggest that the increase in accommodation competitors has led to employee poaching, and a high turnover rate is likely to be resulting from the notable increase in the number of accommodation competitors in the province. It was commonly commented that:

*Tommy (Smoothie): ... because recently the numbers of hotels or rooms are booming, so now the labour market is smaller. Now staff only consider working in a place that provides them with good benefits like service charge...*

*Romeo (Seyla Rose): Mostly turnover occurs in housekeeping and front office. Because in most hotels, housekeeping needs a lot of workforce, so the demand in this department is also high. So, when there's a demand from a big hotel, they grab employees from others ...*

*Edison (Forestcat): ... because there are better opportunities, better position and salary.*

*Maxim (Honeybee): Turnover rate is high also because there are a lot of new hotels ... because staff in our place became potential labour for other places.*

Dave, who has two decades of experience in this industry, believes that a high turnover rate in the accommodation sector also leads to less commitment or willingness of some owners or managers to provide proper training to employees.

#### **5.4.2.3 Labour shortage**

A lack of workforce also disturbs T&D activities. From the interview data of Groups 2 and 3, a labour shortage is found to be likely in customer service positions. Three management participants in the Group 2 hotels pointed out that the labour shortage is due to the increasing number of hotels and the lack of skilled labour in the market:

*Edison (Forestcat): ...since the number of the hotels of SR are growing, each hotel just takes 2 students from those vocational schools, and then it finishes all... the schools are quite limited... We still need more HR in this sector.*

*Maxim (Honeybee): ... I mean there are a lot of unqualified staff that exist, so the qualified workforce is lacking.*

*Peter (Bamboo): The difficulty about the labour market in Cambodia now is it is hard to find competent employees.*

Three participants from local hotels and one from an international independent hotel suggested that the shortage is partly resulting from a workforce migration out of the country and partly from a lack of interest in working in the sector and in non-chain hotels. Four related statements from local hotels' management are presented:

*Tanya (Woodland): During the shortage of staff, the remaining staff's workload is higher... It's quite hard to find operational staff in front office and F&B. Management level is easier to find... there are a lot of workforces migrating to work in other countries although it's risky. But it's because they can earn higher salary. It's quite hard to find operative staff.*

*Scott (Brown Spider): We lack workers who are skilful in customer service... Not many people like to work in hotels. They don't value the job; they still*

*misunderstand that the hotel job is a sex job. Plus, the salary is quite low if compared to manufacture workers, it is 30% to 40% lower.*

*Tommy (Smoothie): It's hard to find a workforce nowadays, frankly. Because people who are interested in these jobs are still limited and people who know how to perform well in these jobs are also limited. And for those who are competent, they are keen to work for international brand luxurious hotels, so my hotel's received only fair quality candidates.*

*Peter (Bamboo): ... When we find the right worker, our offered salary doesn't match. We have a limited budget to pay them, so we can't hire them.*

In contrast, Group 1 hotels tend to lack labour in technical and unskilled positions rather than customer service staff. For example:

*Charlie (Golden Rock): It's so difficult for me to find gardeners for our golf course as they need to be able to speak English one on one with the guests.*

*Christina (Yellowmoon): We lack of a lot of workforce in technician positions. In F&B, it's fine, housekeeping isn't a problem. But kitchen staff is also lacking. Sometimes, we have to recruit candidates who are not fully competent.*

Summary:

External constraints to T&D:

- Group 1 hotels:
  - seasonality (timing for training).
- Group 2 and Group 3 hotels:
  - seasonality, timing for training, which in some hotels leads to downsizing employees;
  - increase in competitors, leading to pricing chaos, staff poaching, staff shortage;
  - Labour shortage, especially in operational staff.

### 5.4.3 Summation

The difficulties in T&D in all groups of participating hotels are illustrated and compared in Figure 5.2 below. International chain hotels are likely to face fewer difficulties in T&D than the other groups. They are confronted with a lack of

employee competence, the employees' personalities, the influence of the parent chain and seasonality. In contrast, T&D practice in the majority of non-chain hotels is seen to be affected by more factors. These influential factors are financial limitations, owners' commitment towards employees, high turnover rates, labour shortages and increasing competitors.

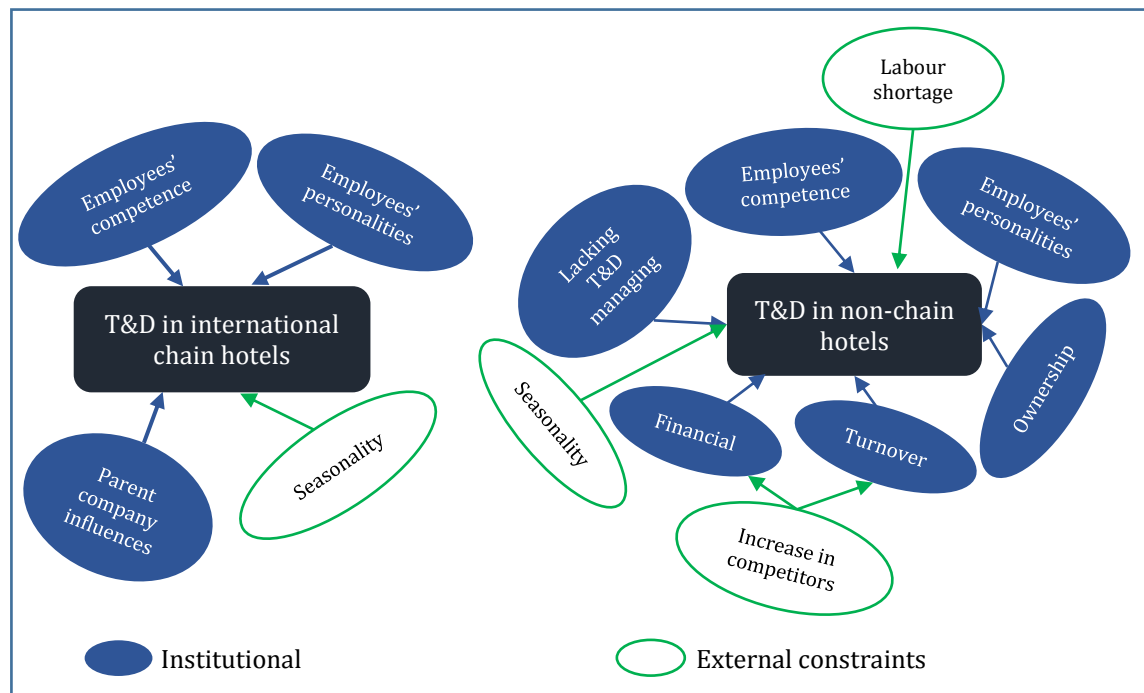


Figure 5.2. Constraints to employee T&D  
Source: Researcher

## 5.5 Effects on human capital development system

The study found a complex relationship between participant hotels and the effects on human capital development systems in the province. Each type of ownership influences the local workforce in their own different ways. This section is organised as follows. First, the impacts of Group 1 hotels are presented based on direct and spillover effects developed by Baldwin et al. (2005); Bosworth et al. (1999); Radosevic et al. (2003). In terms of HR development, direct effects refer to changes or improvement in the skills and knowledge of workers who work for the multinational firms. Spillover effects refer to benefits that the workforce in host

countries receives indirectly from the FDI firms through labour mobility, demonstration effects (Fortanier & Van Wijk, 2009) or pecuniary effects (Fosfuri et al., 2001). Lastly, the remainder of the section highlights the negative aspects of the presence of international chain hotels and then reviews the impacts of non-chain hotels (Groups 2 and 3) on human capital development. The last part summarises the key findings using visual illustrations.

### **5.5.1 The impacts of international chain hotels**

The study found that Group 1 hotels influence the quality of local HR in two ways: direct effects and indirect/spillover effects. Directly, the hotels develop their own employees as well as play an important role through their involvement with local vocational training schools.

#### **5.5.1.1 Direct effects**

##### ***Direct employees***

Interview data from two participants who were working at different international brand hotels revealed that through the hotels' T&D implementation they have gained competence and experience—for one to run a hospitality business in the future and for the other to advance her career to the upper managerial level—even though they did not hold university degrees:

*Bob (Golden Rock): Every day there is briefing session to refresh and remind the staff, for example, on how to make a cocktail ... I need to know how to make cocktails although I am a waiter, it is also important. When customers ask, we can give details about the product ... I have higher knowledge about food and beverages, unlike before I didn't even know what passionfruit was. I have developed myself a lot ... I want to run a food and beverage business. I think if I have enough capital, I can use what I've gained from work to apply it to my business.*

*Collin (Yellowmoon): We've received much training; we gain more knowledge to deal with customers and other benefits. There are certificates provided after we finish each course, and I can use some of them for other jobs outside the hotel. For my career plan, I want to be FO*

*manager. I don't want to move out... I want to stay longer and learn more from here for obtaining a higher position. I have more hope to be promoted internally. But I have less hope to get a higher level if I move out to other hotels because my formal educational background is low. I only graduated from high school. Most management levels require at least a bachelor degree.*

Moreover, training programs in the international brand hotels give more opportunities to employees to be employed in other hotels under the same chain as well as in other chains around the world. Christina (Yellowmoon) claimed that:

*For every topic that trainees pass (the test), they will get a certificate. This will be recorded in the system, so when they apply to other hotels under the same group, those hotels can check their application easily ... I see there are a lot of good training programs for our staff. I see so far the staff who have left our hotel have got higher positions, like entry level staff member became a supervisor, some left for Dubai, one left for Singapore and another went to Japan to other hotel chains.*

In addition, skills, knowledge and experience gained from working in this group of hotels made one participant who is a former employee (Fat Rabbit) fully competent to perform well for her current job in another sector:

*Adel: What I've gained from the Fat Rabbit Hotel helps me a lot in my current work. The current work is very simple for me if compared to the work in the hotel because working in the hotel requires me to be accurate, correct, fast and effective. So when I work for the current workplace, it is very easy for me. I think what I've gotten from the hotel is enough for me to work for other places in higher positions, because the hotel provides a lot of training for their staff. I want to work for an international brand hotel like before.*

Additionally, it was revealed that the image of international brand hotels has built a high reputation for their employees' profiles, which later makes it more likely that they will be recruited compared with other candidates from non-branded hotels:

*Tommy (Smoothie): ... if they come from international brand hotels, we just check their references a little bit and then we hire them because we know those hotels have good and proper training programs.*

However, despite the mentioned positive effects, the study found a shortfall in terms of career ceiling in this group of hotels. The opportunity for employees to be promoted seems to be narrow and slow. This can be evidenced from one respondent who had years of experience working in the international brand hotel:

*Romeo: ... staff promotion pace is really slow ... about the space for growing or to be promoted is very small. For example, there're 30 potential talented staff, I believe that there are only 10%–15% that have chance to be promoted or developed.*

Another respondent's working history confirmed the above argument. She had spent more than 10 years growing from an entry level employee to a line manager:

*Collin (Yellowmoon): I started working for the hotel in 2004 ... first I worked as a housekeeper... then I moved to F&B service as a waitress because I wanted to improve my English language by dealing face to face with customers. I worked there for about 3 years then I moved to be a cashier at the same department. Then, at the front office they sought a guest service agent, then I applied and I was recruited. Later, I moved to sales coordinator for around 2 years. Later when the guest service centre manager resigned, I applied for the position.*

### ***Effects on local training institutes***

The study also found significant contributions of the international brand hotels to local vocational training institutions. One of the contributions is the internship opportunities the hotels offer to a number of students from both non-governmental organisations (NGOs) and private vocational schools as a place to develop practical skills as part of the schools' curricula. The examples below indicate the vocational schools:

*Christina (Yellowmoon): We collaborate with some NGOs such as Dream Training Centre,<sup>2</sup> SalaBai,<sup>3</sup> The Bayon Pastry School,<sup>4</sup> EGBOK,<sup>5</sup> PSE<sup>6</sup> and*

---

<sup>2</sup> An NGO school that offers 12-month training in hospitality skills (housekeeping, front office, cooking and food and beverage services) to 60 minimally educated youth every year for free (Feeding Dreams Cambodia, 2015).

<sup>3</sup> A French NGO where more than 100 young underprivileged students are trained in hospitality skills yearly for free (Sala Bai, n.d.).

<sup>4</sup> A project of NGO Bayon school that strictly selects and trains about 20 young women for free (Cambodian Travel Partner, 2017).

*École d'Hôtellerie et de Tourisme Paul Dubrulle (ETPD).<sup>7</sup> We give opportunities to their students for internships. We also support poor students by giving some allowance. Sometimes, we've been invited as a guest speaker at those schools. Every year, ETPD sends 5 students to my hotel. Usually, the internship lasts at least 1 month and some 6 months depending on each school curriculum. Some students were very afraid of interacting with guests, because they come from poor families from neighbour provinces such as Preah Vihea, Stueng Treng, Ratanakiri.*

*Charlie (Golden Rock): The most support we provide for the schools is we accept their students for internships in the hotel. We helped raise funds for them as well. We accept unlimited students from them.*

Additionally, one FDI international brand hotel was seen to be contributing to developing the local workforce capability by establishing its own private training centre, the ETPD. Although the school covers some fees, students still need to pay around USD1,000 per year for their course.

#### **5.5.1.2 Spillover effects**

In this study, international chain hotels were found to affect the local workforce in three indirect ways: (i) labour mobility, (ii) attracting and motivating local workforce competence, and (iii) building labour competition.

##### ***Labour mobility***

The effects of FDI chain hotels on local human capital through labour mobility are evident in the mobility of former senior employees. There are two examples supporting this finding. The first example is the case of the Seyla Rose Hotel (local hotel) which has better T&D conditions than the other hotels in the group. The HR manager was formerly a training manager in an international brand hotel for several years. Hence, he has applied the knowledge and skills that he obtained in

---

<sup>5</sup> Everything's Gonna Be OK. An NGO that helps underserved young youths to be self-supporting by providing education, training and employment opportunities in hospitality (EGBOK, 2017).

<sup>6</sup> An NGO that helps children who are living in dump sites by giving them food and shelter, formal education and vocational training, which included hospitality skills (PSE, n.d.).

<sup>7</sup> A private school, one of whose main partners is AccorHotels, that aims to deliver top quality hospitality training to work at both local and international levels (École d'Hôtellerie et de Tourisme Paul Dubrulle, 2017).



his previous workplace to his current workplace, where he is in the top management team:

*Romeo: I was a training manager at the Fat Rabbit Hotel... I worked part-time for that Fat Rabbit at the FO as a telephone operator on the night shift. After I graduated, I worked as a training manager at the Fat Rabbit for 4 years. After that, I've worked as an HR manager here (Seyla Rose). So the source of knowledge is from the Fat Rabbit... This concept to improve T&D implementation in this hotel I've brought from my previous experiences.*

As a result, this gives a positive impact to his employees in the hotel. When asked about T&D in the hotel, Juliet seemed to give a positive response about the T&D arranged in the hotel:

*Juliet (Seyla Rose): I don't think there's weakness. When I got trained, I learned what leadership is, what team building is, how to sell to customers. When we have this knowledge, it's not just for working in the front office but in the future it can help me to be maybe a sales manager... The hotel hires external trainees. I think the hotel is implementing a good practice in terms of employment conditions.*

Another example is the case of a former front office staff member in one international brand hotel who had experienced working for the hotel for 10 years, then developed himself to be an entrepreneur in the accommodation sector. At the time of the interviews, he owned three local properties. His business gives employment opportunities to a large number of young workers who mostly want to learn and gain experience in this industry at the entry level, according to Dave. Figure 5.3 below explains the phenomenon.

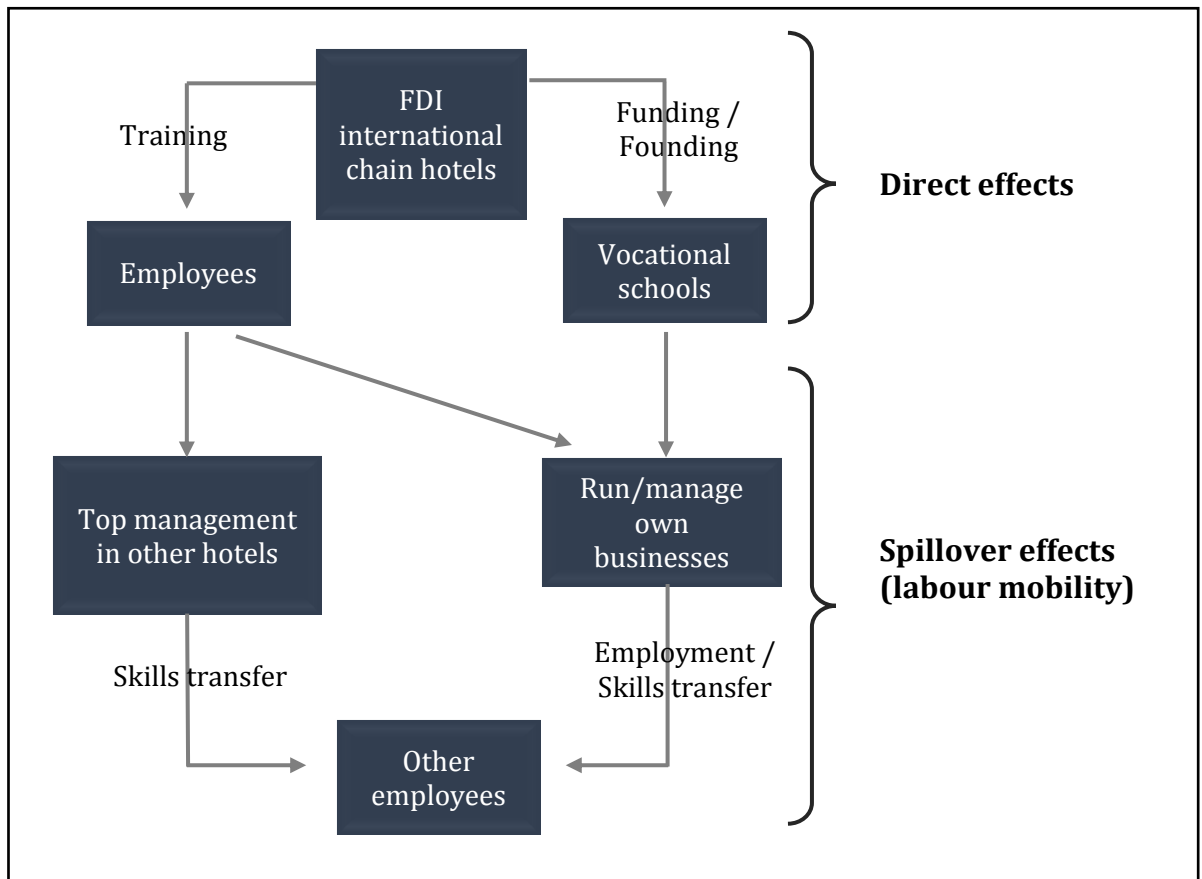


Figure 5.3. Direct and spillover effects of international brand hotels through labour mobility  
Source: Researcher

### ***Attracting and motivating local workforce competence***

Interestingly, according to the interviews, international brand hotels are acknowledged to be providing better employment conditions and wages compared with many non-brand hotels in the same range. They can more easily attract the local workforce to work for them (see Figure 5.4 below). One participant who was working for a local hotel commented:

*Mojo (Smoothie): My monthly salary is USD100 ... There isn't any other benefit (besides leave). If you look at other hotels like (he listed big scale hotels, including two international brands), they have a staff retreat at the end of the year, and this makes their staff happy to work.*

To receive this, candidates themselves need to be qualified to some extent to be employed in this group of hotels. This leads local employees to improve their own knowledge and skills in both educational and professional backgrounds.

*Mojo (Smoothie): For international 5-star hotels, they need more competent staff. So candidates need to build their ability first if they want to work there. I think it's very good. The more they come, the more people will improve their ability to compete with others to work in those hotels. Thus, it will improve our human resources as a whole.*

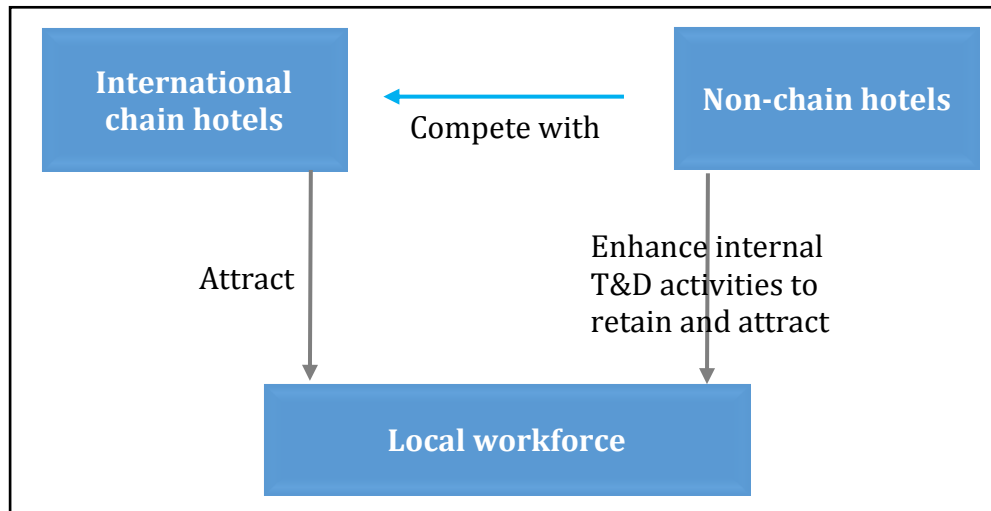


Figure 5.4. Spillover effects of FDI international brand hotels through labour competition  
Source: Researcher

### ***Building labour competition***

The study found that the presence of international brand hotels creates labour competition that leads other hotels in the province to improve their employment conditions for the local workforce, including T&D standards (as shown in Figure 5.4). A number of participants commented positively on the presence of such hotels:

*Scott (Brown Spider): International chain hotels or franchises have a larger chance to attract our staff because they have better quality and standards. But I am happy if my staff move to chain hotels rather than if they move to some local hotels. Some of them who've moved to some local hotels retuned back here ... I support the presence of international chains.*

*Tommy (Smoothie): Actually, the advantages of international brands are job opportunities, better salary range, and they follow the standard of the employment law or even better than that. They are willing to pay higher to attract good staff. So we lost our employees, it's the disadvantage for us. However, this brings a competition on labour. Local hotels will adjust their employment conditions to compete. I welcome more of this investment in our country.*

*Romeo (Seyla Rose): To me, I think the international brands don't affect our hotel a lot. In general, they have their own individual value that they bring in. Normally, it brings competition, but to me it is a good aspect. The employment market is bigger, competition is bigger, so our commitment towards our employees is stronger.*

### **5.5.2 Negative impacts on non-chain hotels**

Despite the positive effects and positive perceptions mentioned above, a number of respondents commented on negative aspects of the presence of the existing and new large-scale international brand hotels. Criticism was made around the use of high pay to attract employees that is likely to cause three negative consequences.

First, it was apparent that, generally, non-brand hotels are challenged in competing with the international brand hotels when it comes to recruiting competent staff. This is likely because, typically, these groups of hotels (both international independent and local hotels) cannot afford to pay for competent candidates and the candidates themselves seem to have more interest in working for the international brand hotels. This leads these two groups of hotels to hire workers whose competence is still limited or lower than the job requirements. Here are examples in this area:

*Tommy (Smoothie): It's hard to find workers nowadays, frankly. Because people who are interested in these jobs are still limited and people who know how to perform well in these jobs are also limited. And for those who are competent, they are keen to work for international brand luxurious hotels, so my hotel's received only fair quality candidates.*

*Romeo (Seyla Rose): Actually, the competence of staff that we've recruited is still limited so we really need more training in hospitality.*

*Peter (Bamboo): The difficulty about the labour market in Cambodia now is it is hard to find competent employees. When we find them, the offered salary doesn't match. We have a limited budget to pay them, so we can't hire them.*

*Mojo (Smoothie): ... in local hotels candidates who have average competence can get the job.*

Second, poaching existing staff from other hotels is another concern. When asked about the advantages and disadvantages of the increase in international brand hotels, a participant from one international independent hotel responded that:

*Edison (Forestcat): I will say both. Advantages are it's good for the country, community and people. It's good for the economy and tourism to have various types of ranking hotels with different budgets for customers to choose from. The disadvantage is some managers are grabbing employees from other hotels. Instead of building human resources by themselves, they are stealing qualified people, so it's difficult for us, especially in the high season when, for example, 3 restaurant supervisors are leaving at the same time.*

Interestingly, one respondent who was an entrepreneur in the accommodation sector and also had experience in the industry for two decades discussed the cycle of the workforce:

*Dave: Nowadays, the international brand hotels don't need to invest in building human resources like those ones that opened in the past 10 or 20 years. Now, they just offer a high salary and good benefits to attract staff that are working in other hotels.*

Lastly, poaching through better pay does not always mean good outcomes for the employees themselves. This can lead employees to commit less to staying a long time in one place and to grow themselves there, as suggested by Dave:

*Nowadays staff don't have much commitment and loyalty with their workplace like before. Employees tend to leave easily because they don't have spiritual commitment. From one generation to another, human resources are weaker and weaker because they have a lot of employment opportunities, so they are not patient enough to stay in one place to learn and grow; they move from one to another just because of financial benefits.*

Summary:

The impacts of Group 1 hotels on the human capital system:

- Positive impacts:
  - direct effects to employees: more competence for jobs and business, more opportunities in career (in other hotels local and abroad);
  - direct effects to training institutions: provide internship opportunities to existing schools, establishing own training centre;
  - indirect effect through mobility of senior employees to work at other local hotels and to manage their own enterprise;
  - enhancing local workforce knowledge and skills to be recruited in the hotels;
  - building labour competition with other hotels, leads to improving T&D practice.
- Negative impacts:
  - to own employees: career ceiling makes the opportunities to be promoted narrow and slow;
  - to other hotels: make them recruit minimum competent workforce, poaching the existing staff.

### 5.5.3 The impacts of non-chain hotels

The study found similarities and differences in terms of HR effects from international independent and local hotels. This is explained below.

#### 5.5.3.1 Effects on local training institutes

Like the Group 1 hotels (international chain), non-international chain groups gain mutual benefits from offering internship places for the vocational institutes' students (both NGOs and privates). The students then have opportunities to be employed if they are qualified enough. Here are statements from management respondents from two local and two international independent hotels:

*Scott (Brown Spider): We collaborate with a lot of schools like ETPD, SalaBai, PSE, and Don Bosco Technical School.<sup>8</sup> Sometimes we have 4 to 5 students who come for internships here. We also give opportunities for them to be employed.*

---

<sup>8</sup> An NGO school located in Phnom Penh (Cambodia) providing a free technical skill education to extremely poor young adults.

*Romeo (Seyla Rose): We are working with the Regional Institute of Polytechnics of Techo Siem Reap (RIPT). We also collaborate with PSE in Phnom Penh. We have just received their students to train in our hotel... We have hired the students; most of them are from RIPT... And for the second time, we've recruited 1 of them to be a technician.*

*Edison (Forestcat): We help other training schools in Siem Reap such as SalaBai, and EGBOK. What we do is open on-job training opportunities for their students to train with us. Our managers or senior staff have to find time to train them.*

*Nick (Soundless): We give opportunities for the students to intern then be recruited. This year, I haven't recruited any yet but last year there were 10 intern students and I recruited about half of them.*

The Honeybee Hotel also runs two general education schools and one vocational school to help poor children and young adults in a local community. The three schools are non-profit organisations and are supported by many volunteers, funders from the owners' network and the profits from their hotel business. The vocational school does not offer hospitality skills yet; however, the students have learned English and they have opportunities to practise in the hotel if they wish to:

*Maxim: ... the school doesn't provide hospitality skills yet, that's why we recruited skilful people to be heads of departments to train our employees ... There are about 25 students who've come here to work after they finished the course at our training school, but others are not interested in working here; they are keen to work for NGOs.*

The hotel has also built collaboration with other NGO vocational schools for the internship opportunities: *"we also collaborate with another 5 NGO schools. First, we give them the opportunity to intern. And if they are qualified enough, we will recruit them"* (Maxim, Honeybee).

#### **5.5.3.2 An employment pool for inexperienced employees**

In regard to labour competition, non-brand groups struggle to compete with the international brand hotels to receive outstanding candidates. However, as mentioned, employment opportunities for candidates in the international brand

hotels are less likely to be at a high level. This leaves employment opportunities to other candidates who are not qualified enough to work for the international brand hotels. They are probably university students, fresh graduates and non-experienced local workers who need experience or a place to build their competence to work in this industry. Two participants who were employed in local hotels responded:

*Mojo (Smoothie): ... I think after I graduate with my degree, I will leave this hotel and move to an international brand hotel. I am here to gain experience so that it gives me more chance of getting a job at a better place like those hotels.*

*Juliet (Seyla Rose): Some hotels give opportunities for non-experienced employees and we can learn from working. But for 5-star standard international brand hotels, it's very hard to get a job there unless you have at least 3 years working experience.*

This argument was also supported by a local entrepreneur in the accommodation sector when he stated:

*Dave: My staff mostly are still students in universities. I am open about the shift and rotation of staff because they need time for their formal education. I don't fight with big hotels to attract experienced operative staff, but instead I give a chance to fresh candidates to be employed and get trained in the basic skills. This also saves my operation costs.*

#### **5.5.3.3 Opportunities to grow bigger**

Despite the tendency of operational or supervisory staff to work for large-scale international hotels, some non-chain hotels seem to attract upper management employees who struggle with the career ceiling in the big international hotels. Two respondents who had years of experience working for international brand hotels claimed that:

*Dave: The labour movement nowadays is smaller enterprises attract senior staff who have the experience to run, to develop or to manage the hotel business. Large-scale hotels attract junior staff from small or medium-sized businesses because they can provide more benefits to them.*



*Romeo: I think the international brands are concerned a lot more than us (local hotels). Because the staff promotion pace is really slow. For example, some assistant managers, they move to local hotel they can become managers. They stay around 5 years and they leave (to local hotels) ... the chance that they will leave is high. The ones who move out are those who want to grow further.*

#### **5.5.4 Summation**

International chain hotels affect human capital systems directly and through spillover effects. In a direct way, their higher T&D standards develop their employees' professionalism. Because of their reputation, their employees have more opportunities than other candidates. For local vocational training, the hotels provide practical skills for students through internship opportunities. One hotel was found to contribute to the quality of vocational training through establishing a high-standard training centre in the province.

Regarding spillover effects, the hotels improve local human capital in three ways. The first is through labour mobility when their former senior staff work for other hotels or have their own accommodation businesses. Second, the presence of this group of hotels has led to competition in labour and eventually other hotels need to put more effort into their own employees in order to retain them. Last, by giving higher pay and better working conditions, the international chain hotels attract a lot of attention from candidates who want to work for them. In this way, the candidates themselves will develop their own competence in order to be recruited.

However, a number of negative impacts were found. First, employees find it hard to be promoted quickly in chain hotels. Then, other groups of hotels, especially non-chain hotels, seem to hire less competent candidates. Instead of building HR, international chain hotels tend to poach knowledgeable staff from other hotels. Last, this leads employees to be more money oriented and eventually employees have less loyalty and commitment to stay in one place. Non-chain hotels have

become a pool of employment opportunities for fresh and young workers who are not yet qualified to work for the international chain hotels. Additionally, these non-chain hotels have larger space for employees who want to be promoted higher in their career path.

## **5.6 Participants' suggestions**

This section presents suggestions made by respondents from all participating hotels to the governmental stakeholders for developing HR in the tourism and hospitality sector.

The lack of competent HR is still the main concern. A lack of vocational training schools in the province was found to be a critical reason for it, as indicated by nearly all participants. Although data on all the vocational schools, including private and non-profit organisations, could not be obtained, in the *Human Resource Strategic Plan in Tourism and Hospitality Professionalism 2015–2020*, the MoT also admits that the lack of training institutes in the country has led the government to put more effort into this matter. Primary data revealed that the number of students who are trained by the existing vocational schools is also limited:

*Edison: Although a lot of schools are coming up, the quantity (of students) is still not enough. For one term, it takes 5 months in the school and 2 or 3 months in hotels, so in 1 year they can produce 2 terms at most or sometimes even less, and the schools are quite limited, they cannot train hundreds of students they probably take maybe 60 to 80 students per course. The schools and the hotels are helping them to get the job but since the number of the hotels of SR is growing, each hotel takes just 2 students, and then it finishes all. We still need more human capital in this sector.*

When asked how to improve the HR in tourism, almost all suggestions from all hotels were for the government to increase the number of vocational schools.

*Floy: I want to see more vocational schools related to practical skills related to hospitality.*

*Tanya: There should be more vocational schools than this. Or encourage the workforce to train in the hospitality sector.*

*Tommy: It is unfortunate that we lack hospitality schools. Should build more training schools in Siem Reap, the existing schools in Siem Reap are not sufficient to supply for the current demand. In Siem Reap, there is still a big shortage in the quantity of HR in hotel sectors. This can also help with the issue of labour migration.*

*Charlie: We need more vocational schools.*

*Bob: My request, as I notice the tourism sector is improved, I want to see more vocational training centres.*

In addition, other significant suggestions were made by respondents from each group of hotels.

#### **5.6.1 Group 1: International chain hotels**

Two management respondents from international brand hotels shared the perception that to improve HR in the sector, the government should not rely strongly on NGOs and private sectors in this area:

*Charlie: We need more vocational schools. We cannot depend on the NGOs to do so. We need the government. Today, there're only schools run by NGOs and private.*

*Christina: I want the Ministry of Tourism to help with training courses, cooperating with NGOs or other hotels.*

Tourism and hospitality curricula at the tertiary level are likely to be mismatched with practical requirements in hotels, which demands facilitation from the government:

*Christina: The tourism curriculum at the university doesn't cover practical skills, and there are no internships in hotels. The ministry should facilitate this. The quantity of workers in hospitality is very limited. We have got students from NGO training schools, but never got one from state schools. I heard that Siem Reap is going to have another airport. If so, the demand is very high.*

In terms of business-related issues, the Golden Rock also wished to see a better and more secure business environment, which demands an intervention from the government:

*Charlie: There should be a plan for tourism business development set by the government. Restaurants and hotels are opening and closing, and then opening and closing in Siem Reap.*

### **5.6.2 Group 2: International independent hotels**

Likewise, participants from two hotels in this group demanded that more training programs be provided by the government:

*Peter: For the hospitality sector, I want them to create various training programs and training actions related to service.*

*Nick: It would be excellent if the ministry could provide free training to hotels, like sending their agents to hotels for training. In Siem Reap, like the firefighter program, the police provincial department provides the course for free. So, I hope the ministry can also do so.*

In terms of training programs provided by the government, one hotel suggested collaboration between the private sector and the government in designing the programs:

*Maxim: To improve HR, there should be schools. But before opening schools, I want the government to do a study on accommodation establishments so that they will design the right lessons for the nature of the business. As I have seen so far, there's one lesson that applies to all.*

Business-related matters were also raised by Maxim, who made this suggestion:

*Maxim: I also request that the ministry clearly define the tourist report figures. The government shouldn't use fake good figures to attract more FDI. Let me tell you, nowadays we have 18,000 rooms in SR while the number of tourists are around 8,000. So there is very high competition to get the guests by lowering the price below their standard. Now 5-star hotels sell for USD45 per room. Unreasonable, but they have no choice. The report should define the expenses of tourists on accommodations or on F&B, so that investors can use the report for analysis. In 2016, 60 boutiques closed, because the number of rooms exceeded the number of tourists... Nowadays, 5-star hotels sell at 4-star prices, the 4 sells at 3*

*price, so the 2 and 3 stars are dying. In 2015, many hotels were closing down and I don't want to see many others keep closing down in 2018. So, the government should set a rule on minimum price.*

However, another hotel in the group wished to see government effort put into collaborating with other countries in the region for exchange programs:

*Edison: For me I think the only point we are missing right now is sending out knowledgeable Cambodian people as a team to other countries to; let's say 10 F&B managers, 10 chefs, 10 FO managers or supervisors or juniors around 50 people, for example, let's say send them to Myanmar and stay there for a week to see how hotels there operate, what kind of hotels they are building... maybe sometimes to Malaysia, or Indonesia or elsewhere. This is not happening yet, that's what I'd suggest. We have different cultures, types of tourism operations, so all our juniors in the community are more understanding. Although the government doesn't have enough budget, the government can ask foreign ministries to ask hotels to sponsor the accommodation.*

### **5.6.3 Group 3: Local hotels**

Management respondents from two local hotels shared the response that there should be more training programs provided or organised by the government to private sectors:

*Scott: It would be good if the ministry could provide more training programs.*

*Tommy: I think the ministry should create a committee to monitor T&D which consists of the provincial level and create a short-course school which provides a training course free of charge; I am sure every HRM would push their staff to attend. The government should invest money in this, because the income from tourism is massive.*

Another hotel wishes to see a consideration on the quality of training courses in the existing majority of vocational schools in the province:

*Romeo: ... state institutes like the Polytechnic I mentioned, they reduced from 1 year to 6- or 4-month training courses. This might be because the budget is low, so the quality is also lower. So we need to ensure that graduated students are fully qualified.*

A stronger cooperation between the private sector and the government should be enhanced as well; as stated by Tommy: *“The government should work hand in hand with HR persons in hotels because they know very well about the workforce in hotels”*. Moreover, to improve HR in the industry, business operation matters are also important. As two management respondents stated:

*Scott: To improve HR, we need to improve service quality first... When we get more tourists, we don't need to beg and discount to the lowest price for the customers. In hotels, when we have more customers, we are able to provide more benefits to our staff... T&D cannot be improved nowadays unless we get more income. The budget of training cannot be higher than sales. We cannot make sure that the T&D is 100% ready, because we don't know if the hotel will receive many customers or not ... If it's possible, I want the government to ban new-coming hotels, business in the hotel industry is still not stable yet. The government should have mechanisms to control this. I know the government has authority, but the government dares not work on this issue. We need to think about the steadiness of the business.*

*Tanya: Pricing policy should also be considered.*

However, two employee respondents believed that low wages in the sector have led to low motivation to work and improve competence in the industry. They suggested that:

*Mojo: I wish the government would put more effort into the tourism sector in Siem Reap. The government should consider the salaries of staff who work in this sector. We know that tourism and hospitality are very important for our country's economy, but the staff who work in this sector get really low pay.*

*Juliet: As we see, what I want to suggest to all stakeholders, both government and private sector, is that they should put more concern into employees, especially about wages. They should think about what employees want. They want our labour to work for them but they don't think about the compensation. Another thing, some hotels recruit staff and don't provide development programs for them, so the staff are likely to lay back and not have motivation to improve. So what I want is for them to provide staff fairness in both wages and development.*

#### 5.6.4 Summation

Participants suggested a number of problems be taken into account by the RGC. Generally, there were demands to increase the number of vocational institutions in the province. Specific suggestions were also made based on individual concerns. Table 5.4 below presents a summary of the participants' suggestions.

Table 5.4: Suggestions from participants for human resource improvement in the province

<b>Suggestions to the government</b>
Establishing more vocational schools
Providing more training programs (free of charge)
Enhancing training quality in the existing schools
Consideration of employees' wages
Facilitating the education curriculum
Building stronger collaboration with NGOs and the private sector
Building collaboration with other countries for tourism exchange programs
Setting a tourism business master plan / controlling the tourism business environment

### 5.7 Summary

This chapter has presented primary data that responded to the main research questions using semi-structured interviews with 18 participants. The interviewees ranged from top management level employees to entry level employees in the hotel industry in Siem Reap Province. Ten hotels participated and these hotels were grouped into three types: Group 1 (international chain hotels), Group 2 (international independent hotels) and Group 3 (local hotels). The chapter has reviewed the results in themes that were derived using the thematic analysis method.

Initially, the chapter presented T&D implementations in each group. It was found that the international chain hotels had better developed T&D strategic plans and programs as well as stronger T&D-supporting methods (approach, management

and budgets) compared with the majority of the non-chain hotels. However, T&D practice in two hotels in the non-chain group were found to be exceptional. They prioritised staff training more than the rest of the hotels in the group.

Subsequently, the reasons why most non-chain hotels find it hard to develop their employee training were then discovered and discussed in Section 5.4, "Training and development constraints". The study found that the non-chain hotels are confronted with more constraints than the international chain hotels. While the latter face only a few major difficulties, the former group need to deal with many factors, including financial difficulties, owners' commitment, high turnover rate, labour shortage and increasing competitors. In short, the majority of international independent and local hotels seem to be more vulnerable regarding T&D development, and this vulnerability leaves space for further critical discussion.

The chapter also discussed the impacts of the participant hotels on human capital development systems. International chain hotels have created spillover and direct effects. In terms of spillover effects, the hotels improve local workforces through labour mobility, creation of labour competition and motivating the workers to develop their own competence. With regard to direct effects, the hotels develop their own employees' competence for their career advancement. The hotels also contribute to local vocational training schools in the province, mainly by giving internship opportunities. One international brand hotel was found to be a co-founder of a well-known private tourism and hospitality vocational school in the province. The study also found that one international independent hotel contributes to the local community by running three schools under the form of social enterprise. This warrants further discussion on which practice is more beneficial to the local community.



Currently, the international brand hotels are criticised by other groups of hotels for poaching outstanding candidates, which forces them to hire less competent employees, and creates a more money-oriented, less loyal local workforce. Hence, the current practice of international chain hotels is questionable and this warrants further critical discussion.

Finally, the findings about participants' suggestions introduced several points that could be improved relating to government policy and practice regarding HR development in tourism and hospitality. Thus, policy-related issues are discussed further. The abovementioned primary questionable issues are discussed in the following chapter by comparing and contrasting the findings data with the literature theories and previous research outcomes from other countries' practices.

## Chapter 6 Discussion

### 6.1 Introduction

The aim of this study was *to explore the impacts of FDI in the hotel industry in Siem Reap, Cambodia, on the skills development of the local workforce*. This chapter discusses the aim of the research based on theoretical perspectives and previous research outcomes related to the following research objectives:

1. to compare human capital development approaches between foreign-owned hotels (international brand and international independent hotels) and locally owned hotels,
2. to explore the constraints and enablers of human capital development approaches in Siem Reap hotels,
3. to explore the relationship between FDI and human capital development in Siem Reap hotels.

First, a comparison of the implementations of employee training of each type of investment is discussed. Next, the chapter debates the constraints on skills development of the workforce. The effects of FDI on human capital development in the province are then discussed. Finally, the chapter evaluates the practice of the government in this area and in the last section presents a personal reflection to the government on which type of investment Cambodia should welcome.

### 6.2 Who does better?

#### 6.2.1 Who trains more?

The results of this study show that international chain hotels provide more well-developed training programs in informal (learning-by-doing) as well as formal training settings than the non-chain hotel groups, namely, foreign independent and

domestic hotels. This finding is partly contrary to studies conducted in Mozambique, Tanzania and Ethiopia that suggested that the amount of formal training provided by foreign hotels is often less than that of local firms because they are more likely to hire more knowledgeable employees from the local labour market than to provide training (Fortanier & Van Wijk, 2009).

However, the findings strongly support a number of previous studies which indicates training as a remarkable result of FDI (Blomstrom & Kokko, 2003; ILO, 2001; UNCTAD, 2007). The report of UNCTAD (2007) indicated that advancement in staff training is one of the main factors making international hotels different from domestically owned ones. The majority of large-scale international chain hotels depend mainly on their own training systems (ILO, 2001; UNCTAD, 2007). Likewise, Blomstrom and Kokko (2003) emphasised that in a service sector such as tourism and hospitality, where services cannot be exported like manufactured products, MNEs have to invest more in training in their affiliates to narrow the gap between the parent companies and their foreign associates. Additionally, a paper by Almeida and Cho (2012) about employer-provided training indicated that firms with high levels of capital investment tend to provide more training than firms with lower levels of capital investment, with formal training provided for employees being less common in the latter group.

Nonetheless, it cannot be concluded that all smaller investment capital firms in the accommodation industry (international independent and local hotels) in Siem Reap Province are unable to provide sufficient training to their employees since the study found an exceptional case of outstanding practices among these groups (see Section 5.3.3 on page 93). It was found that the capability to develop better T&D activities for their employees was associated with their business capital since

these two hotels were not “stand-alone” enterprises. These findings may be somewhat limited because of the small sample size. In spite of this limitation, the study offers some understanding into the relationship between the degree of investment capital and staff training activities in an organisation.

### **6.2.2 Nature of training programs and benefits to employees**

This study found that hotels that prioritise T&D for their employees (no matter what type of investment it is) do not only concentrate on job-specific or know-how training, but also on a bundle of generic skills that are related to soft skills or personal development skills, such as problem solving, communication, behaviour, language and other customer-service-related training. This bundle of non-technical skills is important for hospitality workers, especially for customer service employees, as suggested by a number of previous studies (Baum, 2002, 2006; Baum & Devine, 2007; Hai-yan & Baum, 2006). Moreover, Baum (2006) suggested that in less developed countries, it is crucial to develop a bundle of hospitality skills for employees, especially in international hotels, in order to close the social gap (the cultural and participatory distance between international customers and local workers) and to enhance customers’ experiences.

An ILO (2001) report claimed that chain hotels are more likely than independent hotels to offer proactive training programs with a main focus on staff development. The findings in the present study support evidence from the ILO report. The present study found that, compared with non-chain hotels, training programs in international chain hotels are more likely to be focused on staff development for their career and life-long development in addition to technical skills training. For instance, the Yellowmoon Hotel Group has developed a career development program that facilitates the career journey for their potential employees (see

Section 5.3.1.1 on page 83). According to Ty et al. (2014), development programs are important for individuals since they benefit staff by providing them with new knowledge and skills for their present and future development (Ty et al., 2014). The study also found that one domestic hotel (Seyla Rose) has included a development program (the “Business Professional Certificate”) for their employees that provides useful and relevant broader skills in the labour market (see Section 5.3.3 on page 93). Therefore, it can be implied that employees who work in hotels that have embraced a staff development program in their training activities, especially chain hotels, seem to have more benefits for their career path.

In addition, this study found that a number of training programs related to brand focus are initially and continuously provided by international chain hotels to their employees. This is done to facilitate the employees’ hard and soft abilities to fit with the hotel’s brand values, culture and high-end service standards. As a result, their employees have more opportunities to expose themselves to the international labour markets and to be employed in other brands under the parent chain or other different chains in the global market. This seems to confirm a report by UNCTAD (2007) that asserted that chain hotel employees gain the opportunity to experience life and expose themselves in foreign countries. This can be concluded as being one of the significant benefits of being employed by an international chain hotel.

### **6.3 Difficulties in training and development**

With respect to the second research objective, the current study found that various barriers to employee training exist in both international chain and non-chain hotels. The findings show that international chain hotels face fewer barriers than non-chain hotels. However, a number of foreign independent hotels face similar

obstacles to domestically owned enterprises. In general, challenges found in the study included employee competence and personality, turnover, financial limitations and ownership (see Table 5.3). Moreover, according to the data analysis, a majority of the non-chain hotels have a weak HR management structure.

### **6.3.1 Limited employee competence**

A study conducted by Almeida and Cho (2012) in a few countries in Central America demonstrated various factors that encourage enterprise owners to stay with informal staff training instead of investing more in formal training. These factors include low competence of the recipients. Likewise, this factor is found in some non-chain hotels in Siem Reap, where staff training is a challenge because the educational background of the staff is low (see Section 5.4.1.1 on page 97). In contrast, in international chain hotels, where the training system is highly modernised, local employees' limited knowledge of language and technology is a problem. For instance, being unable to use a computer and the internet makes employee training more complicated when online-based training is obligatory (see Section 5.4.1.1 on page 97).

Makki and Somwaru (2004) observed the impacts of FDI on economic growth in 66 countries in the developing world, and Fortanier and Van Wijk (2009) examined 123 foreign and domestic hotels in Mozambique, Tanzania and Ethiopia. Their studies claimed that the amount of absorption of positive effects of FDI is highly associated with the level of human capital in the host country. This implies that the limited competence of the existing workforce not only complicates the training activities, but also reflects the limited benefits of the training programs for the employees because of the lack of ability to capture the provided courses.

### **6.3.2 Employee personality**

In regard to employee personality, the study found employees' unwillingness to learn to be one of the challenges in staff training in both chain and non-chain hotels. This is consistent with the research of Zhang et al. (2002), which indicated that in some hotels in China, employees consider training a waste of time rather than a good opportunity to develop themselves. Consequently, this makes it hard for the hotels to recruit internal staff for middle and top management levels. This study did not aim to obtain solid evidence to support these consequences.

Nonetheless, the current study found different perspectives between employees and managerial levels regarding willingness to acquire knowledge. Whereas management people complained about the lack of interest of staff to attend training, employees expressed a wish to receive more training. Hence, this reflects weak communication between seniors and employees regarding training activities. Chiang et al. (2005) suggested that training in organisations can be enhanced by improving communication and understanding the needs of employees.

Another finding that emerged from this research was that cultural differences and low social status or background of local employees cause firms, especially international hotels, to put more effort into training, particularly behavioural training, to adjust them to the hotel's service culture and standards (see Section 5.4.1.2 on page 99).

### **6.3.3 Turnover**

A high turnover rate is another major constraint to T&D implementation, mostly in non-chain hotels in the province, because of the noticeable increase of accommodation establishments. This phenomenon discourages hotels from providing proper effective training (see Section 5.4.1.7 on page 103). This evidence

supports the studies of Stone (2010), Almeida and Cho (2012) and Fortanier and Van Wijk (2009). According to an enterprise survey, high turnover rate and poaching of labour are likely to be serious problems among medium-sized and large firms in Central America (Almeida & Cho, 2012). Yet, in Siem Reap, large-scale hospitality firms, especially international brand hotels, seem to suffer less from this issue; this is perhaps because they are able to ensure better conditions for their staff well-being than other groups. Similarly, Fortanier and Van Wijk (2009) argued that most domestically owned hotels in Mozambique and Ethiopia are discouraged from investing in staff training because it is a strong burden for them to see their employees moving to other establishments that are able to provide them with higher pay and higher job position.

#### **6.3.4 Financial limitation**

Financial limitation was found to be one of the critical underlying causes of restricted staff training in international non-chain and domestic hotels, whereas international chain hotels have no constraints regarding the issue. This supports the theory that international chain hotels that have more capital provide better training conditions for their employees (UNCTAD, 2007). Stone (2010) also demonstrated that smaller enterprises tend to provide only informal training rather than invest in formal training because of financial difficulties.

In terms of profit earning, a study by Neth (2011) on accommodation businesses indicated that in Siem Reap fully foreign-owned and transnationally owned hotels (consisting of Cambodian shareholders) earned more than local hotels (28.3%, 20.3% and 15.2%, respectively). Despite the fact that the current study has not been able to discover profits earning of each group of hotels, it is surprising that the results showed a different outcome. According to the interview data, it



appeared that the majority of international non-chain hotels, both those owned by foreign investors and those owned by Cambodian and foreigner shareholders, have faced income issues, which eventually led to financial limitations improving staff training in their organisation. This phenomenon may be partly explained by the recent noticeable increase of accommodation establishments in the province and the ownership-related issue discussed below.

In addition, the study found various problems related to the increase in business competitors that have led to pricing issues in the accommodation sector in the province (see Section 5.4.2.2 on page 106). Moderation of room rates in the hotel industry in Siem Reap was found in a study by Neth (2011) to respond to seasonality, recession of the global economy and tourist arrival decline. However, the current study found that it has become a serious issue that has led to pricing chaos in the industry and consequently financial difficulties for staff T&D. For instance, some hotels have reduced their room rates too far just to support day-to-day operational costs rather than earning profits to invest more in other functions development (see statements by Scott and Tanya on page 107, and Maxim on page 126). This finding provides some support for the conceptual premise that security in the business environment should indeed be taken into account in governmental policy when the country wants to improve HR development in this sector.

### **6.3.5 Ownership**

In addition to external constraints causing financial limitations for investing in staff training, ownership of the property, particularly Cambodian ownership, is a barrier to training in the province. This evidence seems to be in line with a study by Almeida and Cho (2012) that concluded that firms that consist of higher foreign ownership are likely to undergo more training. Similarly, a study conducted by

Neth (2011) with 100 accommodation establishments in Siem Reap, in which the majority of participants were domestically owned enterprises, revealed that most employers have little interest in spending on employee training programs, despite understanding the advantages to their profitability.

Various studies on the difficulties of staff training seem to indicate a number of underlying causes associated with ownership, for instance, limited knowledge about the benefits of training, no need for formal training and scepticism about training (Almeida & Cho, 2012); lack of information about the availability of training (Stone, 2010); and old fashioned thinking that still interprets training as needed only for job-specific skills (Zhang et al., 2002). The current study could not find solid evidence to support these underlying factors because the key informants in this study were in management positions and, rather than the owners, had the main responsibility for training activities. Nevertheless, the results that emerged from the interviews with senior management and employees reflect that hotels that are fully owned or partly owned by Cambodians tend to prioritise staff training less than other activities that promote the income of the hotel, such as marketing and sales (see Section 5.4.1.6 on page 103).

### **6.3.6 Organisational structures**

Although the current research has not covered strategic organisational structure in HR management, the implementation of training in international independent and local hotels reflects poor organisational structure compared with that of international chain hotels and eventually leads to ineffective employee T&D. For instance, Table 5.3 implies that training programs in the majority of non-chain hotels are ad hoc rather than systematic when the provided training is flexible, depending on the actual needs of the hotel's operation.

Additionally, most of the training is learning-by-doing, where senior staff train newcomers within functional departments. In some cases, there is no HR team, and in other cases, training programs are developed and run by general managers rather than training managers. These results are in accord with a study conducted by Zhang et al. (2002) about critical HR issues in China's hotel industry. The researchers found that inefficient organisational structure leads to ineffective and fragmented training activities, and they claimed that this factor has become a major problem in developing the quality of training in the industry. The results of the current study also support the findings obtained by Boardman and Barbato (2008), who indicated that HR organisational structures in international chain hotels are well defined, leading to a more sophisticated level of HR management and eventually T&D implementation.

## **6.4 Why do chain hotels do more?**

The combination of findings may help us to understand why international hotel chains prioritise T&D more than other groups of hotels in the province. The underlying factors are explained below.

### **6.4.1 Finances**

According to a global report by UNCTAD (2007), because of large investment in HR systems and favourable economies of scale, multinational hotels spend more on staff training than locally owned hotels. The report raised an example that emerged from a study on training expenditure in the hotel industry in Tunisia that indicated that local firms spend five times less than international hotels on staff training (UNCTAD, 2007). A publication by the ILO (2001) also revealed that, typically, training funds in MNE hotels account for around 3% of the hotel's revenue.

Similarly, despite the fact that this research has not been able to determine the hotels' training expenditure, it was apparent from the interview data that most of the domestic hotels face financial limitations; hence, they eventually invest little in staff training. However, the findings appear to contradict the abovementioned report (UNCTAD, 2007) because it was found that not all foreign hotels are capable of supporting training in their organisation. Only international chain hotels have sufficient budgets for staff training, whereas the majority of international non-chain hotels have difficulties dealing with staff training expenses, especially on external formal training. Therefore, international chain hotels provide the most training compared with other foreign hotel groups in Siem Reap.

#### **6.4.2 Technology and knowledge**

Advancement in technology has led international chain hotels in Siem Reap Province to provide more variety in training methods and training programs. For instance, the Yellowmoon Hotel has adopted online-based self-training in addition to the traditional trainer–trainee methods. Likewise, Boardman and Barbato (2008) and UNCTAD (2007) pointed out that more innovative technology enables well-developed training in international chain hotels.

#### **6.4.3 Acknowledgement of training and development benefits**

Another possible explanation for the higher priority placed on T&D by international chain hotels is that these corporates strongly acknowledge the turnover benefits from training investment in the current highly competitive environment in the industry globally. Because the sector is more likely to suffer from a high labour turnover rate, international chain hotels tend to experience high costs due to staff turnover (Boardman & Barbato, 2008). For instance, in 2000, the Marriott Corporation reported that it would cost their company between

\$US5 and US\$15 million if employee turnover increased 1% (Boardman & Barbato, 2008). Various researchers have demonstrated the benefits of effective training for employees on firm productivity, staff commitment and satisfaction, and employee retention from turnover and poaching (Almeida & Cho, 2012; Chiang et al., 2005; Dhar, 2015; Georgiadis & Pitelis, 2016; Poulston, 2008).

#### **6.4.4 Prestige practice?**

It may be the need or the obligation to adopt the principles of good CSR that benefits the reputation of businesses at the global level. A study by Boardman and Barbato (2008) reviewed CSR in labour relations practice in international chain hotels. According to their study, there are criticisms that chain hotels use CSR practice to promote their images to benefit their business. Despite this, CSR practices have been found to be activities that lead to recognising and promoting the value of their employees' skills and well-being. This was also found to benefit the local workforce in Siem Reap.

### **6.5 The impacts of foreign direct investment hotels on human capital development**

The findings have been able to confirm that international chain hotels certainly bring positive impacts in terms of improving the quality of local employee skills and knowledge. The impacts on the quality occur in both direct and indirect ways. This is strongly supported by a combination of theories developed by Baldwin et al. (2005), Bosworth et al. (1999) and Radosevic et al. (2003) that demonstrates that MNEs affect local HR in direct qualitative effects and indirect qualitative or skills spillover effects.

### **6.5.1 Direct qualitative effects**

#### **Effects on employees**

In terms of direct effects on local HR, it was found that staff training implementation improves the quality of the hotels' own employees. In this study, FDI hotels, particularly international chains, were found to provide training programs that were mostly developed by their parent hotel groups internationally; hence, local employees are able to acquire new skills and to perform their tasks properly in line with each individual hotel's international system, standards and culture. This evidence is supported by a number of authors (Balasubramanyam et al., 1999; Blomstrom & Kokko, 2003; Grosse, 1996; Luiz R, 1997; Radosevic et al., 2003; Te Velde & Xenogiani, 2007) who have indicated that after their arrival, by their nature, multinational firms transfer new knowledge and skills to host countries through staff training in addition to equipment, technology and expatriate specialist transfer, hence contributing to local HR development. In addition, the study found that skills and knowledge acquired from chain hotels are also relevant and useful for the labour market in other sectors. This seems to reflect that chain hotel employees have more advantages in labour competition.

Furthermore, through the well-defined staff development programs included in training activities in international chain hotels, employees tend to have the broader competence required to upgrade their career from the semi-skilled labour level to the supervisory or top management level in the future. This is crucial for HR development in Cambodia since the country continues to lack labour mostly at senior management, middle management, supervisory and professional levels (HRINC, 2011 as cited in World Bank, 2012).

Moreover, a number of authors (Cuyvers et al., 2008; Cuyvers et al., 2006; Dwyer & Forsyth, 1994; Fosfuri et al., 2001; Ilie, 2015) have suggested that trained employees or managers are later able to establish their own business in the sector. The outcomes of the current study confirm this finding in that an entrepreneur, who owned three accommodation properties in the province, gained his management skills from his work experience in one international chain hotel over two decades.

### **Contribution to public education**

The contribution of FDI hotels to public education and vocational training can be regarded as another impact on local workforce development. Previous publications have pointed out the positive effects of MNEs on host countries' formal education systems, either indirectly or directly (Blomstrom & Kokko, 2003; Te Velde & Xenogiani, 2007). In terms of indirect ways, the impacts can be seen at the macro level through tax involvement, technology enhancement, expansion of the sector in which the firms invest (Te Velde & Xenogiani, 2007), and government encouragement to invest in education, especially at the tertiary level (Blomstrom & Kokko, 2003). In regard to direct links, at the micro level, MNEs are more likely to contribute to public educational and related vocational training institutions through either financial or technical support based on voluntary intentions (Te Velde & Xenogiani, 2007).

The current research has not been able to cover the indirect impacts on Cambodian formal education associated with MNEs in tourism. Notwithstanding this limitation, the findings that emerged from this study suggest that there is a direct link between FDI hotels and local vocational training institutes. The interview results show that the majority of these hotels contribute to local tourism

and hospitality vocational training centres by providing technical support through internship opportunities to local people, and a small number of hotels also provide additional financial support to such intern students.

Te Velde and Xenogiani (2007) argued that MNEs may also establish their own training centre as a part of their business goal. Similarly, knowing the limitations of professional tourism and hospitality vocational training establishments in Siem Reap, one MNE hotel established its own institution aiming to provide training programs with international standards (see Section 5.5.1.1 on page 111). Since the institution provides a high standard of training programs and is run privately, the training fee (which is around USD1,000 per year) seems to be somewhat high for local people in a province that remains one of the poorest (ADB, 2014b). Regardless, this involvement shows the significant impact that MNE hotels have had on developing HR in tourism skills and professionalism in Cambodia.

The empirical findings of this study provide a new understanding of a good practice by a foreign hotel of public education and vocational training as a form of social enterprise. While providing better employee training conditions than other hotels in its group, the hotel also supports the local community by running two general educational schools and one vocational training establishment that helps vulnerable and poor people (see Section 5.5.3.2 on page 121). This confirms the research of Cheng (2015) and Ty et al. (2014) on social enterprises and skill development in Cambodia that discovered a number of positive impacts of this type of enterprise on the country's economic growth. For instance, this kind of business can help the government to resolve social problems by training people in hard skills and reforming soft skills (Ty et al., 2014) and preparing young people to be successful in their future career (Cheng, 2015).



Having found the benefits of investment as a form of social enterprise, a review of the *Human Resource Strategic Plan in Tourism and Hospitality Professionalism 2015–2020* found no sign that social enterprises have been considered in the policy. Hence, these findings have important implications for improving the policy by focusing more on this area.

### **6.5.2 Spillover effects**

Indirect effects on the quality of HR in host countries are referred to as spillover effects. A number of studies have shown that spillover effects occur in two different aspects, namely, labour mobility and demonstration effects (Blomstrom & Kokko, 2003; Monge-González & González-Alvarado, 2007; Radosevic et al., 2003). Labour mobility arises when employees leave MNE firms to go to other firms or establish their own businesses. Demonstration effects refer to skills and knowledge to enhance production, processes and design that are provided by MNE affiliates to their local suppliers in order to match the quality standards set by the MNE bodies. Fosfuri et al. (2001) identified two forms of spillover effects: technological spillovers (when trained employees are employed by local firms or set up their own companies) and pecuniary spillovers (when multinational firms pay higher wages to prevent trained employees from moving).

#### **Labour mobility**

The findings from this study reveal that labour mobility effects or technological spillovers do happen within this sector; thus, the local workforce in Siem Reap Province has gained benefits from these effects. It was found that employees, especially in managerial positions, who have been employed by FDI brand hotels, have brought technical and managerial knowledge to their current workplace in

local hotels or their own accommodation businesses. Therefore, other local workers have gained advantages from this phenomenon.

Despite the fact that this study has been unable to cover the demonstration effects and pecuniary spillovers because of the research scope and scale, the study is significant as it has found evidence that multinational chain hotels can indirectly improve the quality of local HR in another two ways: labour competition and attracting workforce interest in working for them. These are discussed below.

### **Labour competition**

The entry of FDI firms creates competition in markets in the host economy (OECD, 2002). The competition may promote the economy by leading to higher productivity and development in domestic firms (OECD, 2002); however, at the same time, local firms can suffer from the competition because of an insufficiency of capital, technology and workforce (Cuyvers et al., 2008; Dwyer & Forsyth, 1994; Ilie, 2015; Narula & Dunning, 2000; OECD, 2002). Similarly, in terms of labour competition, the study found that the presence of MNE hotels affects the local workforce of Siem Reap in both negative and positive ways. On the negative side, not only domestic but also other international investors who have less investment capital are vulnerable to competition with MNE hotels in employing fully competent candidates as required (see Section 5.5.2 on page 118).

An empirical study on the accommodation sector in Siem Reap by Neth (2011) demonstrated that the majority of domestically owned accommodation firms consider the competence of candidates to be fairly important for recruitment because they think recruited staff will be trained on the job. The perception is opposite to that of foreign and transnationally owned hotels (consisting of Cambodian owners) when they need to ensure the quality of the operational

service and economic turnover (Neth, 2011). The results of the current study seem to be partly consistent in that it found that only international brand hotels tend to set high requirements for recruiting, whereas the other groups, including international non-brand and domestic hotels, currently hire employees who have lower capabilities than the job requires. It was also found that this happens because of the current skilled labour shortage in the province, and it is difficult for these hotels to compete with international brand hotels in attracting sufficient competent candidates because they struggle to provide better work conditions.

Moreover, luring and poaching outstanding staff from weaker firms was found in the current practice of the large-scale MNE hotels in the province. This evidence aligns with an empirical study by Fortanier and Van Wijk (2009), who found that MNEs are likely to steal the best employees from existing locally owned hotels since they have higher potential to retain their staff.

However, on the positive side, the competition brings advantages to the local workforce in the province. It was indicated in the findings that the entry of the international brand hotels leads other hotel groups to improve their employment conditions, including prioritising staff training standards in order to compete with the FDI brand hotels in terms of attracting labour.

Despite the abovementioned downsides to poaching staff, surprisingly, the study found that the majority of local hotels are enthusiastic about the presence of MNE brand hotels in the province because they believe that the brand hotel group brings more benefits to local employment (see Section 5.5.1.2 on page 114). These factors may explain the relatively good correlation between FDI chain hotels and domestically owned hotels and make a significant contribution to the literature.

### **Attracting a workforce**

Additionally, the study found that the image and employment-related practices of MNE hotels, especially in the brand group, highly attract local workers, thereby eventually leading the human capital to develop their own skills, knowledge and experiences in the industry in order to be employed by the FDI hotels. This finding has not previously been described in the literature. Yet, this occurrence in Siem Reap Province appears to contradict the study of Fortanier and Van Wijk (2009) conducted in three countries in Africa that concluded that FDI does not contribute much to improving host labour skills compared with those of domestic firms. Additionally, no previous research has been found indicating a positive relationship between the spillover effects of FDI firms and the willingness of the local workforce to develop their own abilities. Therefore, this finding has significantly contributed to the literature gap.

## **6.6 Policy-related issues**

### **6.6.1 Good policy?**

As mentioned in the literature review, the higher the level of a host country's human capital, the more economic benefits from FDI the country can absorb (Makki & Somwaru, 2004), and the higher the FDI inflow to the country (Blomstrom & Kokko, 2003). The findings emerging from the interviews about the limitations of employee competence and the participants' suggestions suggest that the quality of human capital in the sector in Cambodia is still lower than what the investments require. It can therefore be assumed that the country has been unable to obtain the maximum economic benefits from the investment.

Having recognised the limitations of HR for tourism professionalism, the MoT has also put strong efforts into the matter. For instance, while concerns have been

expressed about the training quality (see Section 2.6 on page 31), the government has prioritised strengthening the quality of training in its *Human Resource Strategic Plan in Tourism and Hospitality Professionalism 2015–2020* (MoT, 2015). The main actions in this area are likely to be associated with creating training standards specially for the hotel industry and certifying existing training schools and trainers. The practice can be beneficial for creating a consistency of training standards from the local level to the national policy level. However, if the certification program run by governmental agencies is set for profit making, not only will it not add any value to the quality of training, but it can also become a major problem for training operations for the hotel industry (Zhang et al., 2002).

#### **6.6.2 Weak partnership or link**

Previous publications on global tourism development (UNWTO, 2016a) have strongly suggested the importance of collaboration between all stakeholders. This study has demonstrated that there is a weak partnership between private and public partnership in the country.

Despite the MoT having taken strengthening public–private partnerships into account in its policy paper (MoT, 2015), the practice remains questionable. The findings in the current study reflect the weakness in the collaboration and partnership between private stakeholders and the government. For instance, in regard to increasing the physical support for training, the ministry has put effort into establishing two vocational training institutes in the capital city, Phnom Penh, and in the coastal tourism destination Sihanoukville Province in the near future. However, suggestions from participants (see Section 5.6 on page 124) reveal the desperate demand for tourism and hospitality professional vocational training schools in Siem Reap. Despite having a well-known private school (ETPD) and

several NGO training centres, the province still needs more qualified training institutes and a large number of trained workers.

Furthermore, other critical underlying causes that constrain the private sector in providing better training conditions, such as pricing chaos and insecurity of the business environment, seem to be undervalued by the policy. Additionally, Blomstrom and Kokko (2003) have suggested the good practice of collaboration, such as training programs in Thailand run together by multinational firms and the government and various skill development centres jointly established by FDI, local businesses and government stakeholders in Malaysia.

## **6.7 Reflection: Which should we welcome?**

In addition to direct and spillover effects on human development, this study suggests there are different value-added benefits from the different types of foreign investment for public education and training programs. As discussed, international brand hotels have more supportive factors to be able to develop and implement the best conditions of T&D compared with other groups of investment. This provides direct advantages to local employees who work for them in terms of capacity building and career development benefits. With standard training conditions, including programs and supporting methods, employees are not only capable of working in the country but are also able to blend into the international labour markets, thus giving them more career options. Despite the poaching of staff from domestic firms, the spillover effects from international brand hotels are quite significant for HR relationships in the province. Moreover, this type of investment was found to have contributed to the province by increasing the number of tourism and hospitality vocational training institutions and improving

the training quality to international tourism standards, which is a skill gap that remains large in the province (Bruni et al., 2013; MoT, 2015).

While having less capital, non-chain international hotels seem to be quite fragile, especially in financial matters for improving employee T&D conditions, thus making their employees' knowledge and skills less developed compared with chain hotels' workforce. Nevertheless, these enterprises have become a significant place for senior management employees in chain hotels who struggle with the career ceiling to grow, as well as an employment pool for young workers who seek to initiate their knowledge, skills and experience in their career preparation. This is also in accord with the UNCTAD (2007) report, which showed that FDI firms can complementarily contribute to the employment figures in host countries. Moreover, the practice of one international independent hotel (Honeybee) as a form of social enterprise indicates the importance of this type of investment in general education in the local poor community.

As mentioned above, while skilled labour in the tourism and hospitality sector in Cambodia remains limited (MoT, 2015), and training implementation in the majority of firms with weaker capital resources such as international non-chain and local hotels remains less developed, the presence of international chain hotels has a significant influence. Nonetheless, it does not mean that other types of investment should be crowded out by these MNE firms. Although non-chain hotels are unable to fully conduct good practice in HR development, it was found that these hotels have become career preparation places for young and naïve local workers in the province. As the ILO (2001) emphasised, tourism employment is crucial for young workers because it is considered an "entry point to the world of work" (p. 49).

Research conducted by Reiter and Steensma (2010) suggested that to gain more benefits for human development in host countries in a sustainable way, FDI policy should discriminate in favour of domestic over foreign investors. This is hardly applicable in Cambodia since staff T&D conditions in the majority of local hotels remain weak for a number of reasons, including the commitment of owners and financial limitations. Moreover, the contribution in terms of funds from the private sector for developing national human capacity in tourism and hospitality professionalism also remains highly in demand by the Cambodian government (MoT, 2015).

Past studies have found that FDI firms that are profit oriented bring negative impacts to host countries, including providing less training and poaching the best staff of domestic firms (Fortanier & Van Wijk, 2009), causing the local firms' profitability to suffer (Cuyvers et al., 2008; Dwyer & Forsyth, 1994; Ilie, 2015; Narula & Dunning, 2000; OECD, 2002), and somehow economic benefits mostly leak to foreign high-end standard hotels in Cambodia (Neth, 2011). The current study found both negative and positive impacts of business investment in various types of accommodation on the human capital development system in Siem Reap Province. As supported by evidence found in this study mentioned earlier, the study argues that the advantages outweigh the disadvantages. This study supports the positive impacts of FDI hotels in Siem Reap, Cambodia, since each size of investment brings its own value to human capital development. However, this does not mean the Cambodian government should welcome all types of investment. As mentioned, the gradual increase in the number of accommodation enterprises in the province (as raised by participants), which eventually constrains the improvement of employee T&D, means that the government should not approve all



types of investment in the sector. The exceptional cases found in this study (see Section 5.3.3 on page 93) reflect a good model of investment and may help the government in FDI approval decision-making.

## Chapter 7 Conclusion and Implications

### 7.1 Recapitulation

The purpose of the current research was to determine the impacts of FDI in the hotel industry on local human capital development in Siem Reap, Cambodia. Specifically, this study explored the HR development effects drawn by foreign-owned hotels compared with domestic accommodation firms. Contextually, Siem Reap has become the second most attractive zone for foreign investment in Cambodia, especially in accommodation businesses. Employability skills remain largely underprovided. Yet, FDI hotels' impacts on local HR development have been neglected by academic interest. This research filled the conceptual and contextual gaps by using primary data derived from semi-structured interviews.

Although sizeable research on the impacts of general FDI firms on host country development has been carried out, there has been little focus on FDI tourism-related firms specifically. Moreover, the consequences of FDI tourism firms on the skills development of local workers remain questionable since previous research has indicated different aspects of its impacts. The findings in this empirical study are the first to detail new understanding of the impacts of FDI in tourism on local skills development in Siem Reap, Cambodia by exploring deep insights into the staff training activities, the difficulties in staff training, and the comprehensive effects of the practice of FDI hotels on the human capital system in the province.

A summary of the key findings of this research are reviewed in the following sections. Subsequently, limitations of the study and then implications of the study are presented. Following that the recommends further research on human capital

development and FDI in tourism-related firms. Finally, the chapter ends by presenting concluding remarks.

## **7.2 Summary of key research findings**

The empirical data enabled the study to respond to the three research objectives:

*1. To compare human capital development approaches between foreign owned hotels and locally owned hotels.* Through interviews with 18 participants representing 10 hotels, including foreign and locally owned hotels, it was found that international chain hotels organise the best practices in T&D approaches for their employees. Their best practices include setting training strategic plans and programs, and providing a sizeable amount of training, rigorous management and sufficient budgets for staff training implementation. In contrast, foreign hotels that are non-chain hotels implement their employee training similarly to local hotels. They are weaker than the international chain hotels in terms of training plans, management and budgets. For instance, the majority of non-chain hotels operate their T&D on an ad hoc basis and mostly focus only on know-how skills.

*2. The findings also respond to the second objective: to explore the constraints and enablers of human capital development approaches in Siem Reap hotels.* It was found that a few factors are considered to be constraints to T&D practice in international chain hotels. These factors include the lack of employees' knowledge of English and technology, employees' unwillingness to learn, cultural differences, the influence of parent hotels and seasonality. These factors seem to be less harmful to T&D practice compared with the difficulties that non-chain hotels are confronted with. Currently, the majority of non-chain hotels restrict their employee T&D improvement because of several major factors, including the limitations of training budgets, increasing competitors in business, a high turnover rate and owners' lack

of commitment to developing employees. Downward pricing pressure driven by the gradual increase in competitors was also found to be a serious problem led to limitation of T&D for local workers.

3. Thematic analysis enabled this study *to explore the relationship between FDI and human capital development in Siem Reap hotels*, which is the third research objective. It was found that FDI hotels are associated with HR development in the province through spillover and direct effects. Regarding spillovers, the hotels were found to improve human capital in the host country through labour mobility, creation of labour competition and motivation of workers to develop their own competence. The study has significantly contributed to the literature by finding this motivating effect. With respect to direct effects, the hotels develop their own employees' competence and were also found to contribute to local vocational training institutes. With a large amount of capital, an international hotel chain was able to build its own training centre, thereby filling the skills gap in the province. In contrast, with smaller investment capital, non-chain foreign hotels, which normally struggle to compete with chain hotels to recruit outstanding candidates, can develop human capital in the province by offering employment opportunities to fresh or inexperienced workers and then training them. It was also discovered that the form of social enterprise of one foreign non-chain hotel plays an important role in HR development in the province, especially for underprivileged children and youth. Negative impacts on local hotels regarding staff poaching were also found in this study. However, local management participants were enthusiastic about the presence of foreign hotels that offer well-defined and developed training activities.

### **7.3 Limitations of the study**

Although the research has achieved its aim and objectives, the study encountered a number of unavoidable limitations because of the research methodology and research scope. The interview data in this qualitative study are limited in sample size and context specific. Because of the small sample size, the outcomes of this study cannot be generalised to the evaluation of each type of hotel investment in Siem Reap, or in Cambodia, or in other developing countries. Moreover, there may have been some bias when interpreting the findings, which required a larger range of data for this evaluation. However, since public information regarding hotel performance or annual reports in all groups in Cambodia was unavailable, interviews were believed to be the best method to collect data for this study.

Because of the limited research scope and scale, the study focused only on the accommodation sector. FDI in tourism-related firms involves more types of businesses such as food and beverage, and transportation. Research in these areas should be considered in the future. Moreover, although the study found effects of FDI hotels on vocational training systems in addition to their own employees, the study was not conducted with local Siem Reap vocational students. Furthermore, ownership has been found to constrain staff T&D activities, but no interviews were held with the hotels' owners. In terms of the indirect effects of FDI firms on local capital development, the findings could only prove the labour mobility effects. However, the demonstration effects that multinational hotels transfer to their local suppliers and pecuniary spillovers (when international hotels pay higher wages to prevent trained employees from moving) were not identified in this research.

## **7.4 Implications of the study**

The findings of the current study are in response to the aim to explore the impacts of FDI in the accommodation industry in Siem Reap on the skills development of the local workforce. These results have a number of significant implications for both private and governmental sectors, particularly for the purposes of developing human capital in tourism-related skills in the country.

For the private sector, this research suggests that hotels play a significant role in forming employability skills based on their T&D activities. Therefore, T&D approaches and practices in individual hotels are very influential for their employees' careers. Hence, it is very important that hotel owners highly commit to developing good practices for staff T&D. In addition, the value of staff training should be upgraded from the old thinking of 'job-specific' training towards more of a focus on career development programs. Training benefits not only the employees themselves, but also the businesses.

For the state, the outcomes of this research indicate significant reasons for the RGC to develop and amend policies on FDI and to promote HR in tourism professionalism. Besides increasing the number of physical training institutes and strengthening the training quality of the institutes, the government should consider additional implications. First, as mentioned earlier, although each type or size of investment offers its own individual benefits to the local workforce, Cambodia should consider a restriction in FDI policies, especially now that investment in the business has begun to be overcrowded. Foreign enterprises that do not have strategic plans and policies for local employee development should not be certified. Additionally, investment that strongly contributes to the local

economy by building skills and knowledge such as social enterprise hotels, or hotels that invest in public training centres, should be prioritised.

Secondly, the RGC, particularly the MoT, should review its policies to address the obstacles that restrain hotels from investing more in T&D. Third, incentive investment policies should be obtained. For instance, despite the fact that small-scale hotel projects are not eligible for investment incentives such as tax exemptions, there should be an exception for some conditions offered to small investment firms that highly support the development of the local workforce. These incentives would play an important role in encouraging private firms to promote and invest more in HR in their organisations. Financial incentives should also be granted to social enterprises.

For both private and public sectors, the findings of this study suggest that their partnerships need to be strengthened. These two stakeholders must work together hand-in-hand to improve the human capital in tourism professionalism. Collaboration is needed, from reviewing policies on human capital development to establishing training centres or running public training programs together.

## **7.5 Suggestions for future research**

The discussion of the results and the existing literature on FDI and local human capital development in this study, as well as the research limitations, indicate that a number of further studies are required. Recommendations for future research in this area are (i) a study on the FDI effects on skills development in local supplier firms in the tourism and hospitality sector; (ii) an investigation of the wages of the local workforce in the industry; (iii) a numerical study to measure the extent to which the spillover effects of FDI hotels in the province influence the country's economy; (iv) an exploration of the relationship between technology and hotel

staff training in the province as well as the country; and (v) an investigation of the impacts of the lack of well-developed T&D practice on internal recruiting. Additionally, a study to explore the relationship between international hotel chains and CSR practice in HR in Cambodia would be important.

## **7.6 Concluding remarks**

In conclusion, the empirical findings in this study provide a new understanding of the impacts of FDI in tourism on local skills development in Siem Reap, Cambodia. This study makes several contributions to the current literature and the implications of policy. First, while the hotel industry as well as FDI hotels inflow continue to grow in the country, study of its impacts, especially regarding skills development for host labour, has been very limited; the present study, therefore, sheds new light on theoretical understanding as well as fills the gap in literature on the impacts of FDI hotels and HR development in Cambodia. Second, this thesis has developed initial and deep insights into the staff training activities offered by FDI hotels compared with locally owned enterprises. Third, the study appears to be the first to compare the difficulties in staff training in international and domestic hotels. This study has also investigated the comprehensive effects of the practice of FDI hotels on the human capital system in the province through its direct and spillover effects.

Last and more importantly, this new understanding of the training activities of FDI hotels, training difficulties and the effects on HR systems can help the government to improve the policy and implementation of FDI and HR development in tourism professionalism in order to gain maximum benefits from the investment. With this in mind, the results of this study can help the government to put more attentions on the practice of each type of hotel investment regarding skills development.



Furthermore, while skilled labour in the tourism and hospitality sector in Cambodia remains limited, the study may help the country to maximise skills-related benefits from FDI through regulating policy and improving implementation of FDI and HR development in the tourism sector.

## References

- Ackovska, M., & Angelovska, N. P. (2016). Investment efficiency of enterprises in tourism sector in the Republic of Macedonia. *Economic Development*, 1(2), 13–24.
- ADB. (2009). *Good practice in technical and vocational education and training*. Retrieved from <https://www.adb.org/sites/default/files/publication/28624/good-practice-education-training.pdf>
- ADB. (2014a). *Cambodia diversifying beyond garments and tourism: Country diagnostic study*. Retrieved from <https://www.adb.org/sites/default/files/publication/149852/cambodia-diversifying-country-diagnostic-study.pdf>
- ADB. (2014b). *Cambodia: Country poverty analysis 2014*. Retrieved from <https://www.adb.org/sites/default/files/institutional-document/151706/cambodia-country-poverty-analysis-2014.pdf>
- ADB, & ILO. (2015). *Cambodia addressing the skills gap: Employment diagnostic study* (Report no. 9292571591). Retrieved from <https://www.adb.org/sites/default/files/publication/176283/cambodia-addressing-skills-gap.pdf>
- Almeida, R., & Cho, Y. (2012). Employer-provided training: Patterns and incentives for building skills for higher productivity. In R. Almeida, J. Behrman, & D. Robalino (Eds.), *The right skills for the job? Rethinking training policies for workers* (pp. 105–132). Washington, DC: World Bank.
- Bailey, C. A. (2007). *A guide to qualitative field research*. Thousand Oaks, CA: Pine Forge Press.
- Balasubramanyam, V. N., Salisu, M., & Sapsford, D. (1999). Foreign direct investment as an engine of growth. *Journal of International Trade & Economic Development*, 8(1), 27–40.
- Baldwin, R., Braconier, H., & Forslid, R. (2005). Multinationals, endogenous growth, and technological spillovers: Theory and evidence. *Review of International Economics*, 13(5), 945–963.
- Baum, T. (2002). Skills and training for the hospitality sector: A review of issues. *Journal of Vocational Education and Training*, 54(3), 343–364. <https://doi.org/10.1080/13636820200200204>
- Baum, T. (2006). Reflections on the nature of skills in the experience economy: Challenging traditional skills models in hospitality. *Journal of Hospitality and Tourism Management*, 13(2), 124–135. <https://doi.org/10.1375/jhtm.13.2.124>

- Baum, T., & Devine, F. (2007). Skills and training in the hotel sector: The case of front office employment in Northern Ireland. *Tourism and Hospitality Research*, 7(3-4), 269-280.
- Blomstrom, M., & Kokko, A. (2003). *Human capital and inward FDI* (Working paper 167). Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.195.4089&rep=rep1&type=pdf>
- Boardman, J., & Barbato, C. (2008). *Review of socially responsible HR and labour relations practice in international hotel chains*. Retrieved from [http://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---sector/documents/publication/wcms\\_162286.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_162286.pdf)
- Bosworth, B. P., Collins, S. M., & Reinhart, C. M. (1999). Capital flows to developing economies: Implications for saving and investment. *Brookings Papers on Economic Activity*, 1999(1), 143-180.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77-101. <https://doi.org/10.1191/1478088706qp063oa>
- Bruni, M., Luch, L., & Kuoch, S. (2013). *Skills shortages and skills gaps in the Cambodian labour market: Evidence from employer skills needs survey*. Retrieved from [http://ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_231862.pdf](http://ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_231862.pdf)
- Bryman, A. (2008). *Social research methods*. Oxford, England: Oxford University Press.
- Buckley, P. J., & Papadopoulos, S. (1988). Foreign direct investment in the tourism sector of the Greek economy. *The Service Industries Journal*, 8(3), 370-388.
- Cambodian Travel Partner. (2017). *The Bayon pastry school coffee shop*. Retrieved September 7, 2017, from <https://cambodia-travelpartner.com/siem-reap/the-bayon-pastry-school-coffee-shop/>
- Campbell, I. C., Poole, C., Giesen, W., & Valbo-Jorgensen, J. (2006). Species diversity and ecology of Tonle Sap Great Lake, Cambodia. *Aquatic Sciences*, 68(3), 355-373.
- CDC. (2017). *Investment incentives*. Retrieved March 28, 2017, from <http://www.cambodiainvestment.gov.kh/investment-scheme/investment-incentives.html>
- Chap, S., & Chheang, V. (2010). *Cambodian economy* (Vol. 5). Retrieved from <https://vannarithchheang.files.wordpress.com/2018/01/cambodian-economy.pdf>

- Cheng, I.-H. (2015). Re-modelling and reconceptualising skills development in Cambodia: How are social enterprises preparing young people for successful transitions between learning and work? *International Journal of Educational Development*, 43, 134–141.  
<https://doi.org/10.1016/j.ijedudev.2015.06.003>
- Cheong Tang, T., & Wong, K. N. (2011). Foreign direct investment, merchandise and services trade in a transition economy: The case of Cambodia. *International Economic Journal*, 25(2), 251–267.  
<https://doi.org/10.1080/10168737.2011.580581>
- Chheang, V. (2008). The political economy of tourism in Cambodia. *Asia Pacific Journal of Tourism Research*, 13(3), 281–297.  
<https://doi.org/10.1080/10941660802280414>
- Chiang, C.-F., Back, K.-J., & Canter, D. D. (2005). The impact of employee training on job satisfaction and intention to stay in the hotel industry. *Journal of Human Resources in Hospitality & Tourism*, 4(2), 99–118.  
[https://doi.org/10.1300/J171v04n02\\_06](https://doi.org/10.1300/J171v04n02_06)
- Contessi, S., & Weinberger, A. (2009). Foreign direct investment, productivity, and country growth: An overview. *Federal Reserve Bank of St. Louis Review*, 91(2), 61–78.
- Creswell, J. W. (2007). *Qualitative inquiry and research design: Choosing among five traditions*. Thousand Oaks, CA: SAGE.
- Crotty, M. (1998). *The foundations of social research: Meaning and perspective in the research process*. London, England: SAGE.
- Cuyvers, L., Soeng, R., Plasmans, J., & Van den Bulcke, D. (2008). *Productivity spillovers from foreign direct investment in the Cambodian manufacturing sector: Evidence from establishment-level data*. Retrieved from <https://repository.uantwerpen.be/docman/irua/71b105/c84fa511.pdf>
- Cuyvers, L., Soeng, R., Plasmans, J., & Van Den Bulcke, D. (2011). Determinants of foreign direct investment in Cambodia. *Journal of Asian Economics*, 22(3), 222–234. <https://doi.org/10.1016/j.asieco.2011.02.002>
- Cuyvers, L., Soeng, R., & Van den Bulcke, D. (2006). *Foreign direct investment and development of least developed countries: The case of Cambodia's textile, garment, furniture, transportation and tourism industries* (CAS Discussion paper No. 29). Retrieved from <https://repository.uantwerpen.be/docman/irua/da990b/cd88678a.pdf>
- Denzin, N. K., & Lincoln, Y. S. (Eds.). (1998). *The landscape of qualitative research: Theories and issues*. Thousand Oaks, CA: SAGE.
- Denzin, N. K., & Lincoln, Y. S. (Eds.). (2008). *The landscape of qualitative research*. Thousand Oaks, CA: SAGE.

- Dhar, R. L. (2015). Service quality and the training of employees: The mediating role of organizational commitment. *Tourism Management*, 46, 419–430. <https://doi.org/10.1016/j.tourman.2014.08.001>
- Drew, P., Raymond, G., & Weinberg, D. (2006). *Talk and interaction in social research methods*. London, England: SAGE.
- Duce, M. (2003). *Definitions of foreign direct investment (FDI): A methodological note*. Retrieved from <https://www.bis.org/publ/cgfs22bde3.pdf>
- Dwyer, L., & Forsyth, P. (1994). Foreign tourism investment: Motivation and impact. *Annals of Tourism Research*, 21(3), 512–537. [https://doi.org/10.1016/0160-7383\(94\)90118-X](https://doi.org/10.1016/0160-7383(94)90118-X)
- École d'Hôtellerie et de Tourisme Paul Dubrule. (2017). *About École d'Hôtellerie et de Tourisme Paul Dubrule*. Retrieved September 7, 2017, from <https://ecolepauldubrule.org/about-us>
- EGBOK. (2017). *Who are we*. Retrieved September 7, 2017, from <http://egbokmission.org/who-we-are>
- Endo, K. (2006). Foreign direct investment in tourism: Flows and volumes. *Tourism management*, 27(4), 600–614. <https://doi.org/10.1016/j.tourman.2005.02.004>
- Feeding Dreams Cambodia. (2015). *Training center*. Retrieved September 7, 2017, from [http://feedingdreamscambodia.org/vocational\\_training/training-centre/](http://feedingdreamscambodia.org/vocational_training/training-centre/)
- Fortanier, F., & Van Wijk, J. (2009). Sustainable tourism industry development in sub-Saharan Africa: Consequences of foreign hotels for local employment. *International Business Review*, 19(2), 191–205. <https://doi.org/10.1016/j.ibusrev.2009.11.007>
- Fosfuri, A., Motta, M., & Rønde, T. (2001). Foreign direct investment and spillovers through workers' mobility. *Journal of International Economics*, 53(1), 205–222. [https://doi.org/10.1016/S0022-1996\(00\)00069-6](https://doi.org/10.1016/S0022-1996(00)00069-6)
- Georgiadis, A., & Pitelis, C. N. (2016). The impact of employees' and managers' training on the performance of small-and medium-sized enterprises: Evidence from a randomized natural experiment in the UK service sector. *British Journal of Industrial Relations*, 54(2), 409–421. <https://doi.org/10.1111/bjir.12094>
- Glass, A. J., & Saggi, K. (2002). Multinational firms and technology transfer. *The Scandinavian Journal of Economics*, 104(4), 495–513.
- Grant, B. M., & Giddings, L. S. (2002). Making sense of methodologies: A paradigm framework for the novice researcher. *Contemporary Nurse*, 13(1), 10–28.
- Gray, D. E. (2004). *Doing research in the real world*. London, England: SAGE.

- Gray, D. E. (2014). *Doing research in the real world* (2nd ed.). London, England: SAGE.
- Grosse, R. (1996). International technology transfer in services. *Journal of International Business Studies*, 27(4), 781–800.
- Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research* (pp. 105–117). Thousand Oaks, CA: SAGE.
- Guimbert, S. (2010). *Cambodia 1998–2008: An episode of rapid growth* (Report No. WPS5271). Retrieved from <http://documents.worldbank.org/curated/en/957361468016740248/pdf/WPS5271.pdf>
- Hai-yan, K., & Baum, T. (2006). Skills and work in the hospitality sector: The case of hotel front office employees in China. *International Journal of Contemporary Hospitality Management*, 18(6), 509–518. <https://doi.org/10.1108/09596110610681548b>
- High Impact Tourism Training. (n.d.). *HITT inception analysis*. Retrieved from [http://www.hitt-initiative.org/wp/wp-content/uploads/2013/03/HITT\\_Inception\\_Analysis\\_CAMBODIA\\_English.pdf](http://www.hitt-initiative.org/wp/wp-content/uploads/2013/03/HITT_Inception_Analysis_CAMBODIA_English.pdf)
- Ilie, G. (2015). Foreign direct investment in tourism sector. *Knowledge Horizons-Economics*, 7(3), 9–13.
- ILO. (2001). *Human resources development, employment and globalization in the hotel, catering and tourism sector*. Retrieved from [http://www.ilo.org/public/libdoc/ilo/2001/101B09\\_23\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/2001/101B09_23_engl.pdf)
- ILO. (2006). *The Mekong challenge: Cambodia's hotel and guesthouse workers*. Retrieved from [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_bk\\_pb\\_70\\_en.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_bk_pb_70_en.pdf)
- Jeong, H. (2014). Legacy of Khmer Rouge on skill formation in Cambodia. *Journal of International and Area Studies*, 21(1), 1–19.
- Jonckers, P. (2005). General trends and skill needs in the tourism sector in Europe. In O. Strietska-Ilina & M. Tessaring (Eds.), *Trends and skill needs in tourism* (pp. 7–12). Thessaloniki, Greece: European Centre for the Development of Vocational Training.
- Karimi, M. S., Yusop, Z., & Law, S. H. (2010). Location decision for foreign direct investment in ASEAN countries: A TOPSIS approach. *International Research Journal of Finance and Economics*, 36(1), 196–207.
- Keegan, S. (2009). *Qualitative research: Good decision making through understanding people, cultures and markets*. London, England: Kogan Page.
- Loseke, D. R. (2013). *Methodological thinking: Basic principles of social research design*. Thousand Oaks, CA: SAGE.

- Luiz R, d. M., Jr. (1997). Foreign direct investment in developing countries and growth: A selective survey. *The Journal of Development Studies*, 34(1), 1–34. <https://doi.org/10.1080/00220389708422501>
- Madhur, S. (2014). *Cambodia's skill gap: An anatomy of issues and policy options* (Working Paper Series No. 98). Retrieved from <https://www.cdri.org.kh/publication-page-old/pub/wp/wp98e.pdf>
- Makki, S. S., & Somwaru, A. (2004). Impact of foreign direct investment and trade on economic growth: Evidence from developing countries. *American Journal of Agricultural Economics*, 86(3), 795–801. <https://doi.org/10.1111/j.0002-9092.2004.00627.x>
- Marshall, C., & Rossman, G. B. (2006). *Designing qualitative research*. Thousands Oaks, CA: SAGE.
- Matsui, S., Keskinen, M., Sokhem, P., & Nakamura, M. (2006). *Tonle Sap – Experience and lessons learned brief*. Retrieved from [http://projects.inweh.unu.edu/inweh/getdocument.php?F=2032065581\\_4baeafc04805d8.61096949](http://projects.inweh.unu.edu/inweh/getdocument.php?F=2032065581_4baeafc04805d8.61096949)
- May, T. (2001). *Social research*. Buckingham, England: Open University.
- Merriam, S. B., & Tisdell, E. J. (2015). *Qualitative research: A guide to design and implementation*. Retrieved from <http://www.ebrary.com>
- Meyer, D. (2007). Pro-poor tourism: From leakages to linkages. A conceptual framework for creating linkages between the accommodation sector and 'poor' neighbouring communities. *Current Issues in Tourism*, 10(6), 558–583. <https://doi.org/10.2167/cit313.0>
- Monge-González, R., & González-Alvarado, C. (2007). *The role and impact of MNCs in Costa Rica on skills development and training: The case of Intel, Microsoft and Cisco*. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.502.6264&rep=rep1&type=pdf>
- MoT. (2015). *Human resource strategic plan in tourism and hospitality professionalism 2015–2020*. Unpublished manuscript.
- MoT. (2016a). *Access to Cambodia*. Retrieved December 9, 2016, from [http://www.tourismcambodia.org/getting\\_to\\_cambodia](http://www.tourismcambodia.org/getting_to_cambodia)
- MoT. (2016b). *e-Visa*. Retrieved December 8, 2016, from [http://www.tourismcambodia.org/getting\\_to\\_cambodia/index.php?view=evisa](http://www.tourismcambodia.org/getting_to_cambodia/index.php?view=evisa)
- MoT. (2016c). *Khmer history*. Retrieved December 8, 2016, from [http://www.tourismcambodia.org/contents/about\\_cambodia/index.php?view=history#comp](http://www.tourismcambodia.org/contents/about_cambodia/index.php?view=history#comp)
- MoT. (2016d, July, 2016). *Opening speech from the Minister of Tourism at the 2015 and first semester of 2016 stocktaking ceremony*. Phnom Penh, Cambodia.



- MoT. (2016e). *Tourism statistics report year 2016*. Retrieved from [http://www.tourismcambodia.com/img/resources/Cambodia Tourism Statistics 2016.pdf](http://www.tourismcambodia.com/img/resources/Cambodia_Tourism_Statistics_2016.pdf)
- MoT. (2016f). *Weather*. Retrieved December 9, 2016, from [http://www.tourismcambodia.org/contents/about\\_cambodia/index.php?view=weather](http://www.tourismcambodia.org/contents/about_cambodia/index.php?view=weather)
- MoT. (2017a). *Hotel statistic in Siem Reap*. Unpublished manuscript.
- MoT. (2017b). *Tourism statistics report, April 2017*. Retrieved from [http://www.tourismcambodia.org/images/mot/statistic\\_reports/Executive%20Summary%20Report%20in%20April%202017.pdf](http://www.tourismcambodia.org/images/mot/statistic_reports/Executive%20Summary%20Report%20in%20April%202017.pdf)
- MoT. (2018). *Cambodia's world heritage declared by UNESCO*. Retrieved January 27, 2018, from [http://www.tourismcambodia.org/contents/about\\_cambodia/index.php?view=world\\_heritage](http://www.tourismcambodia.org/contents/about_cambodia/index.php?view=world_heritage)
- Narula, R., & Dunning, J. H. (2000). Industrial development, globalization and multinational enterprises: New realities for developing countries. *Oxford Development Studies*, 28(2), 141–167.
- National Institute of Statistics. (2018). *National Institute of Statistics*. Retrieved March 28, 2018, from <https://www.nis.gov.kh/index.php/en/>
- Neth, B. (2011). Angkor as world heritage site and the development of tourism: A study of tourist revenue in the accommodation sector in Siem Reap-Angkor. In B. Hauser-Schäublin (Ed.), *World heritage Angkor and beyond: Circumstances and implications of UNESCO listings in Cambodia* (Vol. 2, pp. 147–176). Retrieved from <https://univerlag.uni-goettingen.de/handle/3/isbn-978-3-86395-032-3>
- Noorbakhsh, F., Paloni, A., & Youssef, A. (2001). Human capital and FDI inflows to developing countries: New empirical evidence. *World Development*, 29(9), 1593–1610.
- O'Leary, Z. (2010). *The essential guide to doing your research project*. London, England: SAGE.
- OECD. (2002). *Foreign direct investment for development: Maximising benefits, minimising costs*. Paris, France: OECD.
- OECD. (2008). *OECD benchmark definition of foreign direct investment*. Retrieved from <https://www.oecd.org/daf/inv/investmentstatisticsandanalysis/40193734.pdf>
- OECD. (2014). *Structural policy country notes: Cambodia*. Retrieved from <http://dx.doi.org/10.1787/saeo-2014-en>



- Poulston, J. (2008). Hospitality workplace problems and poor training: A close relationship. *International Journal of Contemporary Hospitality Management*, 20(4), 412–427.  
<https://doi.org/10.1108/09596110810873525>
- PSE. (n.d.). *About PSE*. Retrieved September 7, 2017, from <https://psecambodia.wordpress.com/about>
- Radosevic, S., Varblane, U., & Mickiewicz, T. (2003). Foreign direct investment and its effect on employment in Central Europe. *Transnational Corporations*, 12(1), 53–90.
- Rapley, T. (2004). Interviews. In C. Seale, G. Gobo, J. F. Gubrium, & D. Silverman (Eds.), *Qualitative research practice* (pp. 15–33). London, England: SAGE.
- Reiter, S. L., & Steensma, H. K. (2010). Human development and foreign direct investment in developing countries: The influence of FDI policy and corruption. *World Development*, 38(12), 1678–1691.  
<https://doi.org/10.1016/j.worlddev.2010.04.005>
- Rios-Morales, R., Gamberger, D., Jenkins, I., & Smuc, T. (2011). Modelling investment in the tourism industry using the World Bank's good governance indicators. *Journal of Modelling in Management*, 6(3), 279–296.  
<https://doi.org/10.1108/17465661111183694>
- Royal Government of Cambodia. (2014). *National strategic development plan 2014–2018*. Retrieved from [http://www.ilo.org/wcmsp5/groups/public/---asia/--ro-bangkok/---sro-bangkok/documents/genericdocument/wcms\\_364549.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/--ro-bangkok/---sro-bangkok/documents/genericdocument/wcms_364549.pdf)
- Sala Bai. (n.d.). *Sala Bai hotel school*. Retrieved September 7, 2017, from <http://www.salabai.com/>
- Siem Reap Provincial Tourism Department. (n.d.). Retrieved December 9, 2016, from <http://siemreaptourism.gov.kh/>
- Snape, D., & Spencer, L. (2003). The foundations of qualitative research. In J. Ritchie & J. Lewis (Eds.), *Qualitative research practice: A guide for social science students and researchers* (pp. 3–5). London, England: SAGE.
- Stake, R. E. (2010). *Qualitative research: Studying how things work*. New York, NY: Guilford Press.
- Stone, I. (2010). *Encouraging small firms to invest in training: Learning from overseas*. Retrieved from <https://core.ac.uk/download/pdf/4151307.pdf>
- Te Velde, D. W., & Xenogiani, T. (2007). Foreign direct investment and international skill inequality. *Oxford Development Studies*, 35(1), 83–104.  
<https://doi.org/10.1080/13600810601167603>
- Thuok, N., & Nuov, S. (1996, June). *Cambodia's Great Lake: How to sustain its ecological and economic diversity*. Paper presented at the meeting of the International Association for the Study of Common Property, Berkley, CA.

- Tourism of Cambodia. (2018). *Cambodian history*. Retrieved January 17, 2018, from <http://www.tourismcambodia.com/about-cambodia/cambodian-history.htm>
- Tracy, S. J. (2012). *Qualitative research methods: Collecting evidence, crafting analysis, communicating impact*. Retrieved from <http://www.ebrary.com>
- TransferWise. (2018). *USD to NZD conversion*. Retrieved March 23, 2018, from <https://transferwise.com/gb/currency-converter/usd-to-nzd-rate>
- Tuli, F. (2010). The basis of distinction between qualitative and quantitative research in social science: Reflection on ontological, epistemological and methodological perspectives. *Ethiopian Journal of Education and Sciences*, 6(1), 97–108.
- Ty, M., Walsh, J., & Anurit, P. (2014). *Training and development in social enterprises in Cambodia*. Retrieved from <https://www.researchgate.net/publication/267232655>
- UNCTAD-ICC. (2003). *An investment guide to Cambodia: Opportunities and conditions*. Retrieved from [http://unctad.org/en/Docs/iteiia20036\\_en.pdf](http://unctad.org/en/Docs/iteiia20036_en.pdf)
- UNCTAD. (2007). *FDI and tourism: The development dimension*. Retrieved from [http://unctad.org/en/Docs/iteiia20075\\_en.pdf](http://unctad.org/en/Docs/iteiia20075_en.pdf)
- UNCTAD. (2016). *Investor nationality: Policy challenges*. Retrieved from [http://unctad.org/en/PublicationsLibrary/wir2016\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf)
- UNDP. (2011). *Discussion paper: Tourism and poverty reduction strategies in the integrated framework for least developed countries*. Retrieved from [https://www2.unwto.org/sites/all/files/pdf/undp\\_discussion\\_paper\\_tourism\\_and\\_poverty\\_reduction\\_strategies\\_in\\_the\\_integrated\\_framework\\_for\\_least\\_developed\\_countries.pdf](https://www2.unwto.org/sites/all/files/pdf/undp_discussion_paper_tourism_and_poverty_reduction_strategies_in_the_integrated_framework_for_least_developed_countries.pdf)
- UNWTO. (2016a). *Annual report 2015*. Retrieved from [http://cf.cdn.unwto.org/sites/all/files/pdf/annual\\_report\\_2015\\_lr.pdf](http://cf.cdn.unwto.org/sites/all/files/pdf/annual_report_2015_lr.pdf)
- UNWTO. (2016b). *Tourism highlights*. Retrieved from <http://mkt.unwto.org/publication/unwto-tourism-highlights-2016-edition>
- Walliman, N. (2011). *Research methods: The basics*. London, England: Routledge.
- Warhurst, C., & Nickson, D. (2007). Employee experience of aesthetic labour in retail and hospitality. *Work, Employment and Society*, 21(1), 103–120.
- Winterton, J., Le Deist, F. D., & Stringfellow, E. (2006). *Typology of knowledge, skills and competences: Clarification of the concept and prototype*. Retrieved from [https://www.cedefop.europa.eu/files/3048\\_en.pdf](https://www.cedefop.europa.eu/files/3048_en.pdf)
- World Bank. (2012). *Matching aspirations: Skills for implementing Cambodia's growth strategy*. Retrieved from <http://hdl.handle.net/10986/13808>

- World Bank. (2017). *The World Bank in Cambodia: Overview*. Retrieved May 30, 2017, from <http://www.worldbank.org/en/country/cambodia/overview>
- Worldatlas. (2018). *Cambodia*. Retrieved March 25, 2018, from <https://www.worldatlas.com/webimage/countrys/asia/kh.htm>
- Worldometers. (n.d.). *Cambodia population*. Retrieved January 17, 2018, from <http://www.worldometers.info/world-population/cambodia-population/>
- WTTC. (2015). *Travel and tourism: Economic impact 2015 Cambodia*. Retrieved from <https://www.wttc.org/-/media/files/reports/economic%20impact%20research/countries%202015/cambodia2015.pdf>
- WTTC. (2016). *Travel & tourism: Economic impact 2016: Annual update summary*. Retrieved from [https://www.wttc.org/-/media/files/reports/economic%20impact%20research/2016%20documents/economic%20impact%20summary%202016\\_a4%20web.pdf](https://www.wttc.org/-/media/files/reports/economic%20impact%20research/2016%20documents/economic%20impact%20summary%202016_a4%20web.pdf)
- Zhang, L., Cai, L. A., & Liu, W.-H. (2002). On-job training: A critical human resources challenge in China's hotel industry. *Journal of human resources in hospitality & Tourism*, 1(3), 91–100. [https://doi.org/10.1300/J171v01n03\\_07](https://doi.org/10.1300/J171v01n03_07)

# Appendix 1. Indicative questions for managers

**AUT**

TE WĀNANGA ARONUI  
O TĀMAKI MAKĀU RAU

## Indicative Questions

### Form I: Questions for interview with GM/HR managers

#### 1. Feature of workforce

- 1.1. How many local employees do you have? How many expatriates?
- 1.2. Where do most local employees come from? Local community?
- 1.3. What is the proportion of local to expatriate in the workforce?

#### 2. What is the attitude and contribution in local workforce development?

- 2.1. What is your vision/commitment in terms of local employee development?
- 2.2. How are the training and development strategies running in your hotel (formal and on-the-job trainings)? What is the trend of training?
- 2.3. How do you think about the training and development expenditure in your hotel compared to other hotels?
- 2.4. What are the involvements that your hotel have made to (any) local/national training institutes?
- 2.5. In general, how do you think the implementation of skills development in your firm benefit the local workforce (economic benefit and career development)?

#### 3. Content of training and challenges

- 3.1. What are the firm-specific skills provided to local employees in various positions? What are new technologies/skills/knowledge related to hospitality have been transferred to your firm?
- 3.2. What skills are in short supply? Which proportion of labour that your firm prioritize in terms of skills development?
- 3.3. How expatriates contribute to local skills development?
- 3.4. How do you think about the quality and quantity of the current local workforce in tourism and hospitality sector?
- 3.5. What are challenges have there been with the implementation of local workforce development in your hotel in Cambodia?
- 3.6. How have these challenges been overcome?
- 3.7. What recommendations would you give for the effective local workforce development?
- 3.8. Anything else you would like to tell me?

## Appendix 2. Indicative questions for employees



### Indicative Questions

#### Form II: Questions for interview with local employees

##### 1. Employment background

- 1.1. Where do you originally come from?
- 1.2. How long have you been working here?
- 1.3. Where did you work before this hotel?
- 1.4. What position did you do before this?
- 1.5. What is your future career plan?

##### 2. Education and training background

- 2.1. What are your education background?
- 2.2. Have you ever attended any tourism training? And where?
- 2.3. What kinds of training provided by the hotel have you attended since you started work here?

##### 3. Content of training and perceptions

- 3.1. What has been the content of training you have attended?
- 3.2. How do you think the training provided might benefit you for your future career? Or your financial status in the future?
- 3.3. What skills you really need to be improved?
- 3.4. What are barriers constrain you from enhancing your skills?
- 3.5. What do you wish to improve about the training and development implementation in your firm?
- 3.6. What else do you wish to express?

## Appendix 3. Participant information sheet

The logo for the Auckland University of Technology (AUT) is displayed in white text on a black rectangular background.

TE WĀNANGA ARONUI  
O TĀMAKI MAKĀU RAU

### Participant Information Sheet

#### Date Information Sheet Produced:

19 June 2017

#### Project Title

The hotel industry in Siem Reap Cambodia: Assessing the impacts of foreign direct investment on local skills development.

#### An Invitation

My name is Soulina Nam. I am undertaking a Master degree in International Tourism Management at Auckland University of Technology (AUT), New Zealand. I am undertaking a research project on human resource development in hospitality industry. I would like to invite you to participate in this study as one of the key respondents in an interview. Your participation is voluntary. You have the right to withdraw from the study at any time.

#### What is the purpose of this research?

This research is funded by the New Zealand ASEAN Scholar Awards (NZAS) and AUT. The study aims to examine the impacts of foreign direct investment in the hospitality industry in the context of pro-poor tourism. It will focus on local employees' skills development. The study seeks:

1. to explore the nature of workforce in FDI hotels in Siem Reap, Cambodia
2. to understand the extent to which FDI hotels develop the local workforce in terms of skills
3. to understand the extent to which local employees in the industry benefit from skills development practice for their future career

The outputs of the study will be submitted to AUT, and possibly will be published in other academic publications.

#### How was I identified and why am I being invited to participate in this research?

You are invited to be a key respondent in this study because you have experience working in the industry and you have knowledge about skills development practice in your professional sphere. Your inputs are very crucial for this study. You may know me or someone who knows me may have given me your name for the purposes to take part in my study.

#### How do I agree to participate in this research?

Your participation in this research is voluntary (it is your choice) and whether or not you choose to participate will neither advantage nor disadvantage you. You are able to withdraw from the study at any time. If you choose to withdraw from the study, then you will be offered the choice between having any data that is identifiable as belonging to you removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible.

A Consent Form is attached for your further reference. Once you agree to participate in this study, you will be asked to fill in and sign the form in prior to or at the interview.

**What will happen in this research?**

You might need to answer approximately 15 to 20 questions. This would take you around 40 minutes. The interview time and location will be conducted based on your convenience that will be at your own office or other public space like local café or restaurant. Voice recorder will be used during the interview. Your given information will be used for the purpose of this study only. Basically, you do not have to do another interview again unless there is any further information absolutely needed. In the case, I will inform you in advance and ask for your consent again. Transcribing will not be carried out in this study; however, you will receive a finding report which captures your interview part if you wish to.

**What are the discomforts and risks?**

There will be no discomforting or embarrassing questions in the interview. This research implement is not designed to deceive, harm and coerce any participant. During the interview, if you feel any discomfort or risk, you are entirely free to withdraw from the study or not to answer a question.

**What are the benefits?**

The primary benefit of your participation is that you can reflect and share your perception and experience around skills improvement. This will provide better understanding on the current demands for human resource development in the organization as well as in the hospitality industry. Challenges and strategies about the area will be explored; thus, leading to better implementation. This study is also important for me to complete my Master degree in International Tourism Management which then gives me qualification to involve with human resource development in tourism in Cambodia.

**How will my privacy be protected?**

Confidentiality will be strictly maintained. Your personal identity as well as your organization's name will not be revealed in any published document. Pseudonyms will be used to represent your identity and your organization's. No other detail information will be disclosed. In addition, the data obtained from audio-recorder is strictly kept and is not exposed to other person rather than me and my two supervisors.

**What are the costs of participating in this research?**

All you need to spend is your time (approximately 40 minutes).

**What opportunity do I have to consider this invitation?**

You may respond to me within one week if you wish to take part in this project.

**Will I receive feedback on the results of this research?**

If you wish to receive the summary of the research outcomes, I will be able to send you one set of either soft or hard copy via any possible way.

**What do I do if I have concerns about this research?**

- Any inquire, please feel free to contact me at [soulina.na@gmail.com](mailto:soulina.na@gmail.com)
- Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisors, who are:
  - Dr. David Williamson at [david.williamson@aut.ac.nz](mailto:david.williamson@aut.ac.nz)
  - Dr. Charles Johnston at [charles.johnston@aut.ac.nz](mailto:charles.johnston@aut.ac.nz)
- Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTEK, Kate O'Connor, [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz), +64 921 9999 ext 6038.

**Whom do I contact for further information about this research?**

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows:

***Researcher Contact Details:***

Name: Soulina Nam

Email: [soulina.na@gmail.com](mailto:soulina.na@gmail.com)

KH Mobile: +855 81 88 97 98

NZ Mobile: +64 22 185 3832

***Project Supervisor Contact Details:***

- Dr. David Williamson  
Email: [david.williamson@aut.ac.nz](mailto:david.williamson@aut.ac.nz)
- Dr. Charles Johnston  
Email: [charles.johnston@aut.ac.nz](mailto:charles.johnston@aut.ac.nz)

Approved by the Auckland University of Technology Ethics Committee on 22 June 2017, AUTEK Reference number 17/192.



## Appendix 4. Consent form

AUT

TE WĀNANGA ARONUI  
O TĀMAKI MAKAU RAU

### Consent Form

*Project title:* The hotel industry in Siem Reap Cambodia: Assessing the impacts of foreign direct investment on local skills development.

*Project Supervisor:* David Williamson

Charles Johnston

*Researcher:* Soulina Nam

- ☐ I have read and understood the information provided about this research project in the Information Sheet dated 19 June 2017
- ☐ I have had an opportunity to ask questions and to have them answered.
- ☐ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ☐ I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.
- ☐ I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.
- ☐ I agree to take part in this research.
- ☐ I wish to receive a summary of the research findings (please tick one): Yes ☐ No ☐

Participant's signature: .....

Participant's name: .....

Participant's Contact Details (if appropriate):

.....  
.....  
.....  
.....

Date:

**Approved by the Auckland University of Technology Ethics Committee on 22 June 2017, AUTEC  
Reference number 17/192**

*Note: The Participant should retain a copy of this form.*

## Appendix 5. AUTECH ethics approval



### AUTECH Secretariat

Auckland University of Technology  
D-88, WU406 Level 4 WU Building City Campus  
T: +64 9 921 9999 ext. 8316  
E: [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz)  
[www.aut.ac.nz/researchethics](http://www.aut.ac.nz/researchethics)

22 June 2017

David Williamson  
Faculty of Culture and Society

Dear David

Re Ethics Application: **17/192 The hotel industry in Siem Reap Cambodia: Assessing the impacts of foreign direct investment on local skills development**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTECH).

Your ethics application has been approved for three years until 21 June 2020.

#### Standard Conditions of Approval

1. A progress report is due annually on the anniversary of the approval date, using form EA2, which is available online through <http://www.aut.ac.nz/researchethics>.
2. A final report is due at the expiration of the approval period, or, upon completion of project, using form EA3, which is available online through <http://www.aut.ac.nz/researchethics>.
3. Any amendments to the project must be approved by AUTECH prior to being implemented. Amendments can be requested using the EA2 form: <http://www.aut.ac.nz/researchethics>.
4. Any serious or unexpected adverse events must be reported to AUTECH Secretariat as a matter of priority.
5. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the AUTECH Secretariat as a matter of priority.

#### Non-Standard Conditions of Approval

1. The Information Sheet should include information about the snowballing recruitment that refers to something like 'you may know me or someone who know me may have given me your name for the purposes to take part in my study'.

Please quote the application number and title on all future correspondence related to this project.

AUTECH grants ethical approval only. If you require management approval for access for your research from another institution or organisation then you are responsible for obtaining it. If the research is undertaken outside New Zealand, you need to meet all locality legal and ethical obligations and requirements. You are reminded that it is your responsibility to ensure that the spelling and grammar of documents being provided to participants or external organisations is of a high standard.

For any enquiries, please contact [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz)

Yours sincerely,

Kate O'Connor  
Executive Manager  
Auckland University of Technology Ethics Committee

Cc: [souline.na@gmail.com](mailto:souline.na@gmail.com); [xwr6791@aut.ac.nz](mailto:xwr6791@aut.ac.nz); Charles Johnston

## Appendix 6. A confirmation letter from supervisor



Dear Sir/Madam,

This letter is written to certify that Soulina Nam, a postgraduate student of Master of International Tourism Management at Auckland University of Technology, is currently conducting her research thesis for 2017 academic study. Her research topic is “The hotel industry in Siem Reap Cambodia: Assessing the impacts of foreign direct investment on local skills development”. In this regards, we would like to seek your collaboration in sharing any related information you may have to assist her in collecting data.


We appreciate your assistance.

Yours faithfully,

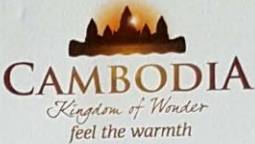
A handwritten signature in blue ink that reads 'Charles Johnston'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dr Charles Johnston  
Senior Research Lecturer  
School of Hospitality and Tourism  
Faculty of Culture and Society  
Auckland University of Technology  
Ph+64 9 921 9999 ext 5120

## Appendix 7. A confirmation letter from MoT



**ព្រះរាជាណាចក្រកម្ពុជា**  
**ជាតិ សាសនា ព្រះមហាក្សត្រ**



**ក្រសួងទេសចរណ៍**

លេខ ៩០៩/ល.ក. ៣៩១

រាជធានីភ្នំពេញ, ថ្ងៃទី ០៣ ខែ កក្កដា ឆ្នាំ ២០១៧

**ជម្រាបជូន**

**លោក លោកស្រី ជាតាគីពាក់ព័ន្ធក្នុងវិស័យទេសចរណ៍ខេត្តសៀមរាប**

**កម្មវត្ថុ៖** សំណើជួយសម្របសម្រួលការប្រមូលទិន្នន័យសម្រាប់ការសិក្សាស្រាវជ្រាវរបស់កញ្ញា ណាម ជូលីណា មន្ត្រីអគ្គនាយកដ្ឋានឧស្សាហកម្មគ្រប់គ្រងទេសចរណ៍។


**យោង៖** លិខិតបញ្ជាក់ពីសកលវិទ្យាល័យ Auckland University of Technology នៃប្រទេសនូវវែលហ្សឺឡង់។

តបតាមកម្មវត្ថុ និងយោងខាងលើ ខ្ញុំសូមជម្រាបលោក លោកស្រីដែលជាភាគីពាក់ព័ន្ធក្នុងវិស័យទេសចរណ៍ខេត្តសៀមរាបជ្រាបថា កញ្ញា ណាម ជូលីណា ជាមន្ត្រីជំនួយការអគ្គនាយកគ្រប់គ្រងឧស្សាហកម្មទេសចរណ៍ក្នុងក្របខណ្ឌក្រសួងទេសចរណ៍កំពុងសិក្សាថ្នាក់អនុបណ្ឌិតផ្នែកគ្រប់គ្រងទេសចរណ៍អន្តរជាតិ (Master of International Tourism Management) នៅសកលវិទ្យាល័យ Auckland University of Technology នៃប្រទេសនូវវែលហ្សឺឡង់។ ជាតម្រូវការដើម្បីបញ្ចប់ថ្នាក់អនុបណ្ឌិតនេះ កញ្ញាត្រូវធ្វើការប្រមូលទិន្នន័យសម្រាប់ការសិក្សាស្រាវជ្រាវមួយក្រោមប្រធានបទ “ឧស្សាហកម្មសណ្ឋាគារនៅខេត្តសៀមរាប ប្រទេសកម្ពុជា៖ ការវាយតម្លៃផលប៉ះពាល់នៃវិនិយោគផ្ទាល់ពីបរទេសលើការលើកកម្ពស់ជំនាញក្នុងតំបន់”។

អាស្រ័យហេតុនេះ សូមលោក លោកស្រីមេត្តាជួយសម្រួលក្នុងការប្រមូលទិន្នន័យសម្រាប់ការស្រាវជ្រាវនេះតាមលទ្ធភាព និងមុខងាររបស់ស្ថាប័នខ្លួនដោយអនុគ្រោះ។

សូមលោក លោកស្រី ទទួលនូវការរាប់អានដ៏ស្មោះពីខ្ញុំ។ ខ. ឃ.

**គ.ប. រដ្ឋមន្ត្រី**  
**អគ្គនាយកក្របគ្រងឧស្សាហកម្មទេសចរណ៍**



**ឧប សាមុត**

**ចម្លងជូន៖**

- មន្ទីរទេសចរណ៍ខេត្តសៀមរាប
- ដើម្បីជ្រាប និងសម្រួល

ដីកាក្រសួងលេខ ៣៩ ជូនលេខ ៩០៩/ល.ក. ៣៩១ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា ទូរស័ព្ទ៖ +៨៥៥ ២៣ ៨៨៤ ៩១២ ទូរសារ៖ +៨៥៥ ២៣ ៨៨៤ ៩១៤ E-mail: admin@mot.gov.kh Website: www.tourismcambodia.org